

Housing Affordability Report



AdelaideBank
it's personal

March quarter 2019

Housing affordability improves while rental affordability declines in March quarter 2019

State of the nation

Housing affordability improved nationally in the March quarter 2019, with the proportion of income required to meet loan repayments decreasing to 30.3%, a decrease of 0.9 percentage points over the quarter and a decrease of 1.0 percentage points over the past year.

Over the quarter, housing affordability improved in all states and territories except in the Northern Territory. Compared to the March quarter 2018, housing affordability improved in New South Wales, Victoria, South Australia and Western Australia, remained steady in Queensland and, declined in Tasmania, the Northern Territory and the Australian Capital Territory.

Cash rate

During the March quarter, the Reserve Bank of Australia (RBA) maintained the official cash rate at 1.5%. The quarterly average variable standard interest rate increased slightly to 5.4%, an increase of 0.1%. The quarterly average three-year fixed rate remained stable at 4.1%.

First home buyers

The number of first home buyers decreased nationally to 23,403, a decrease of 19.7% during the quarter, and a decrease of 11.6% compared to the March quarter 2018.

First home buyers now make up 17.9% of the owner-occupier market (26.9%, if refinancing is excluded).

The number of first home buyers decreased in all states and territories over the March quarter. The largest decrease was in the Australian Capital Territory (-44.8%). Compared to the corresponding quarter 2018, the number of first home buyers decreased in all states and territories. The largest increase was in Tasmania (13.1%); the largest decrease was in the Australian Capital Territory (-43.0%).

The average loan size to first home buyers increased nationally to \$338,251, an increase of 0.2% over the March quarter and an increase of 2.4% over the past twelve months. Over the quarter, the average loan size to first home buyers increased in all states and territories except New South Wales and Victoria. It increased in all states and territories compared to twelve months ago.

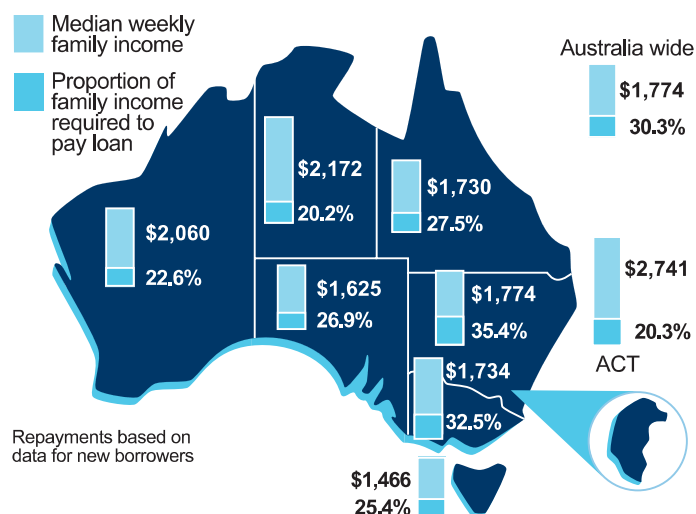
Lending trends

Nationally, the total number of loans (excluding refinancing) decreased to 86,909, a decrease of 20.0% over the March quarter and a decrease of 13.7% over the same quarter last year.

Over the quarter, the total number of loans (excluding refinancing) decreased in all states and territories. Decreases ranged from 12.9% in Tasmania to 31.0% in the Australian Capital Territory. Compared to the corresponding quarter 2018, the number of loans (excluding refinancing) decreased in all states and territories except in Tasmania.

Over the March quarter, the average loan size decreased to \$387,850, a decrease of 2.0% over the quarter and a decrease of 2.3% compared to a year ago. During the quarter, the average loan size decreased in all states and territories, except in the Northern Territory. Compared to the March quarter 2018, the average loan size increased in Queensland, Tasmania, the Northern Territory and the Australian Capital Territory, remained steady in South Australia, and decreased in New South Wales, Victoria and Western Australia.

Proportion of family income required to meet loan repayments & median weekly family income





President's message



Welcome to the Adelaide Bank/ REIA Housing Affordability Report for March 2019.

The Adelaide Bank/REIA Housing Affordability Report shows that housing affordability has marginally improved across the country in the March quarter. With the exception of the Northern Territory, housing affordability improved in all states and territories. New South Wales had the largest improvement with a 1.3% decrease in home loan repayments.

While rental affordability improved marginally in the larger states of New South Wales, Victoria and Queensland as well as in Western Australia and the Northern Territory, a large decline in rental affordability in South Australia and Tasmania offset this improvement resulting in an overall decline in rental affordability nationally.

The total number of loans declined. This is not unusual for the first quarter of the calendar year, however, compared with the same quarter of 2018, the number of new loans declined by 13.7%. The number of those entering the home loan market also declined over the year. Interestingly, while loan size decreased for changeover buyers, it increased marginally for first home buyers.

Adrian Kelly
President
Real Estate Institute of Australia

Sponsor's message



As we head into winter, there is a noticeable spring in the step of buyers, now that the protracted 'phony war' and federal election campaign is behind us. If there's one thing markets do not like, it's uncertainty.

On the bright side, a marginal improvement in housing affordability for the March quarter shows further movement in a direction that should be encouraging to first home buyers. A possible downside is that a pre-election slowdown in green-fields land releases from developers who were expecting an entirely different

election outcome may see increasing demand add to pricing pressure through delays in available supply of land for stand-alone housing.

What is fairly certain is that a combination of factors now makes it likely that people wishing to enter the property market for the first time will be facing a pickup in competition from other buyers - particularly in the East Coast residential housing market - as restrictions on lenders are further eased and interest rates remain at historic lows.

Property buyers who have been sitting on the fence will now begin to crystallize their thinking and can be expected

to act more decisively – and no doubt more swiftly. At Adelaide Bank, we are open for business and looking to help borrowers across all states and territories in all market segments - be they first time home buyers, existing customers, owner occupiers or investors.

Wherever people decide to live, Adelaide Bank strives to minimise the stress and hassle of home ownership by offering simple and easy to understand products to help people realise their property ownership dream sooner. We're sharpening our pencils, so you may even save enough to pay for the fence on a new home over the life of a loan.

Our continuing and widely recognised contribution to improving housing affordability is to keep the cost of lending as low as possible, while providing great service through Australia's growing network of mortgage brokers.

Darren Kasehagen
Head of Third Party Banking
Bendigo and Adelaide Bank

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 2019	Dec qtr 2018	Mar qtr 2018
NSW	35.4%	36.7%	36.5%
VIC	32.5%	33.1%	34.1%
QLD	27.5%	28.1%	27.5%
SA	26.9%	27.5%	27.2%
WA	22.6%	23.1%	23.6%
TAS	25.4%	26.3%	24.5%
NT	20.2%	19.4%	19.8%
ACT	20.3%	20.6%	19.7%
AUS	30.3%	31.2%	31.3%

Chart 1 shows the movement in the proportion of family income required to meet average home loan repayments since the March quarter 2000. Chart 2 shows the movement in rental affordability.

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

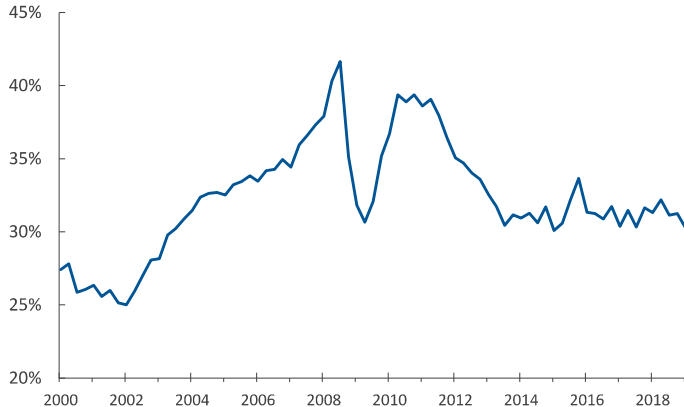
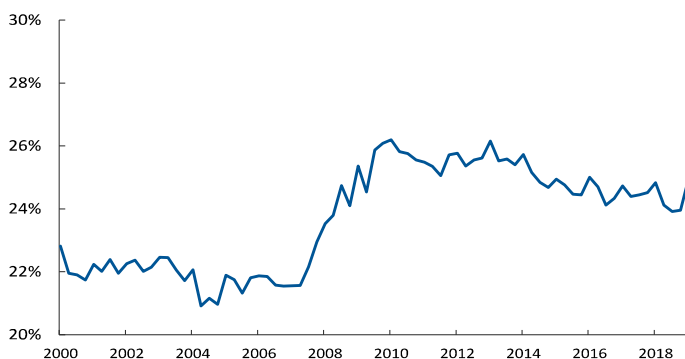


Chart 2 Proportion of family income required to meet average rent payments



Rental affordability

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

In the March quarter 2019, rental affordability declined with the proportion of income required to meet rent payments increasing to 25.0%, an increase of 1.0 percentage points over the quarter and an increase of 0.2 percentage points over the previous year.

Over the quarter, rental affordability improved in New South Wales, Victoria, Queensland, South Australia, Western Australia and the Northern Territory but declined in South Australia, Tasmania and the Australian Capital Territory. Tasmania had the largest decline in rental affordability with income required to meet rental payments increasing to 29.3%, an increase of 1.2 percentage points.

When compared to the March quarter 2018, rental affordability improved in New South Wales, Victoria, Queensland and the Northern Territory, but declined in South Australia, Western Australia, Tasmania and the Australian Capital Territory.

New South Wales continues to be the least affordable state or territory in which to rent a property. The State's proportion of income required to meet rent repayments is 28.2%, 3.2 percentage points higher than the national level. Western Australia, where the proportion of income required to meet median rents decreased to 16.5%, is the most affordable state or territory in which to rent a property.

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

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

	Mar qtr 2019	Dec qtr 2018	Mar qtr 2018
NSW	28.2%	28.3%	30.1%
VIC	23.1%	23.2%	23.8%
QLD	22.0%	22.1%	23.1%
SA	22.2%	22.0%	22.4%
WA	16.5%	16.6%	16.3%
TAS	29.3%	28.1%	28.1%
NT	20.9%	21.3%	22.5%
ACT	19.0%	18.9%	18.5%
AUS	25.0%	24.0%	24.8%

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Proportion of family income to meet

	Mar 2019	Dec 2018	Mar 2018
Home loan repayments	30.3%	31.2%	31.3%
Rent payments	25.0%	24.0%	24.8%



First home buyers

The number of first home buyers decreased to 23,403, a decrease of 19.7% during the quarter, and a decrease of 11.6% compared to the March quarter 2018.

The average loan size to first home buyers increased to \$338,251, an increase of 0.2% over the quarter and an increase of 2.4% over the past twelve months.

First home buyers make up 17.9% of the owner-occupier market, compared with 18.1% in the March quarter of 2018. If refinancing is excluded, they make up 26.9% of the market, compared with 26.8% in the March quarter of 2018.

Chart 3a shows the first home buyers' share of all dwellings financed and all dwellings financed (excluding refinancing) from the March quarter 2009 to the March quarter 2019.

Chart 3b shows the difference in average home loans for first home buyers compared to change-over buyers, which excludes refinancing.

Chart 3a First home buyers share of dwellings financed

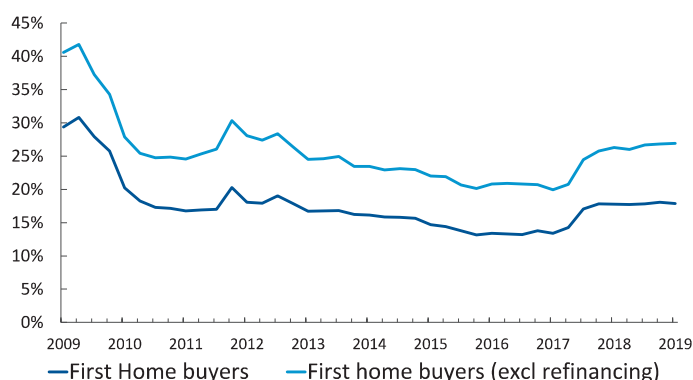
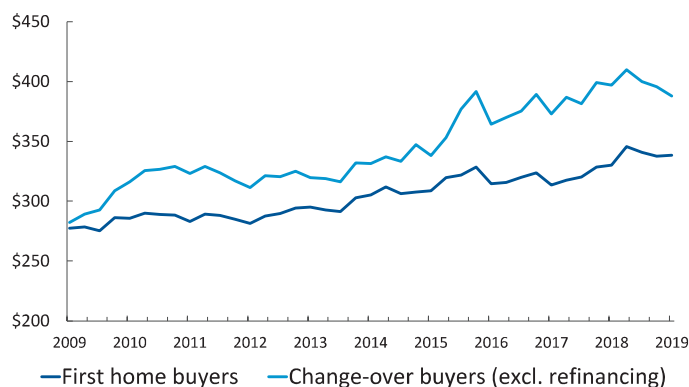


Chart 3b Average home loans for first and change-over buyers (\$000's)

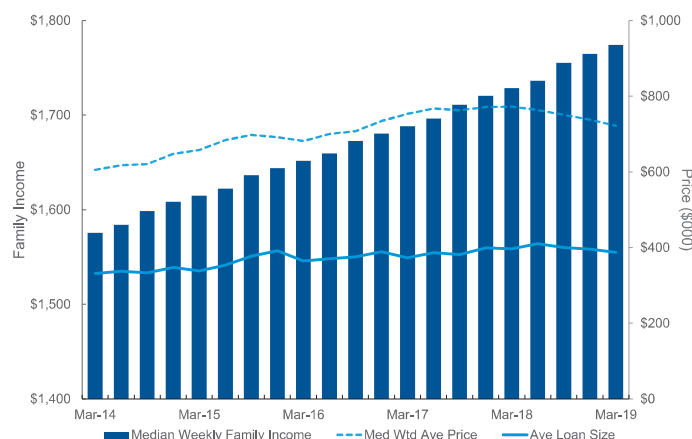


Factors influencing home loan affordability

- The amount to be borrowed reflects the price of the property being purchased and the borrower's equity situation.
- The size of the loan, interest rates and the period of the loan determine the average loan repayment.
- 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.

Chart 4 Median house price and family income



Median House Prices

The weighted average capital city median house price decreased to \$722,028, a decrease of 2.2% over the quarter and a decrease of 6.6% over the past twelve months. Over the March quarter, median house prices decreased in all capital cities except in Adelaide and Darwin.

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 12, 2019.

Median family income and average monthly loan repayments

The national median weekly family income increased to \$1,774, an increase of 0.5% over the March quarter and an increase of 2.7% compared to the same quarter 2018.

During the March quarter 2019, the average monthly loan repayment decreased to \$2,327, a decrease of 2.6% over the quarter and a decrease of 0.7% compared to the corresponding quarter 2018.

The proportion of family income required to meet loan repayments decreased to 30.3% during the March quarter 2019, a decrease of 0.9 percentage points over the previous quarter and, a decrease of 1.0 percentage points over the previous year.

Average loan (all borrowers)

The total number of loans (excluding refinancing) decreased to 86,909, a decrease of 20.0% over the quarter and a decrease of 13.7% compared to the same quarter last year.

The average loan size decreased to \$387,850, a decrease of 2.0% over the March quarter and a decrease of 2.3% compared with the corresponding quarter 2018.

Interest rates

During the March quarter, the Reserve Bank of Australia (RBA) left the official cash rate at 1.5%. The gap between variable and three-year fixed rates was 1.3 percentage points. The March quarterly average variable standard interest rate increased 0.1 percentage points to 5.4% over the quarter and 0.2 percentage points over the previous year. The quarterly average three-year fixed rate remained stable at 4.1% when compared to the December quarter 2018 and the March quarter 2018.

Average quarterly variable interest rates were:

Banks – 5.4%, an increase of 0.1 percentage points on the previous quarter.

Permanent Building Societies – 5.0%, an increase of 0.4 percentage points on the previous quarter.

Other lenders – 3.6%, a decrease of 0.1 percentage points on the previous quarter.

The average fixed (3 year) interest rates were:

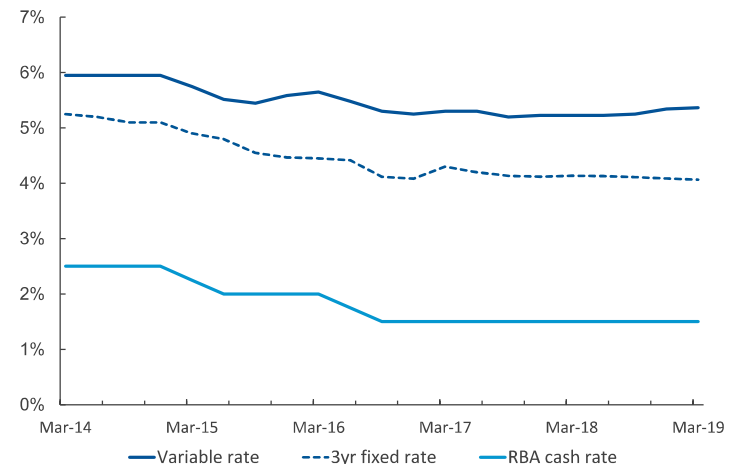
Banks – 4.1%, the same as the previous quarter.

Permanent Building Societies – 4.1%, the same as the previous quarter.

Other lenders – 3.7%, a decrease of 0.3 percentage points on the previous quarter.

Chart 5 shows the movement of the RBA cash rate, the quarterly average standard variable rate and the quarterly average three-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 2019 and is compared with the preceding quarter and the corresponding quarter 2018. 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 2019	Dec qtr 2018	Mar qtr 2018
NSW	28.3	27.2	27.4
VIC	30.8	30.2	29.3
QLD	36.4	35.6	36.4
SA	37.1	36.4	36.8
WA	44.2	43.2	42.3
TAS	39.4	38.0	40.8
NT	49.6	51.5	50.4
ACT	49.3	48.4	50.8
AUS	33.0	32.0	31.9



Table 4: Percentage change in HLAI

	Quarterly change	Annual change
NSW	4.0%	3.3%
VIC	2.0%	5.1%
QLD	2.2%	0.0%
SA	1.9%	0.8%
WA	2.3%	4.5%
TAS	3.7%	-3.4%
NT	-3.7%	-1.6%
ACT	1.9%	-3.0%
AUS	3.1%	3.4%

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

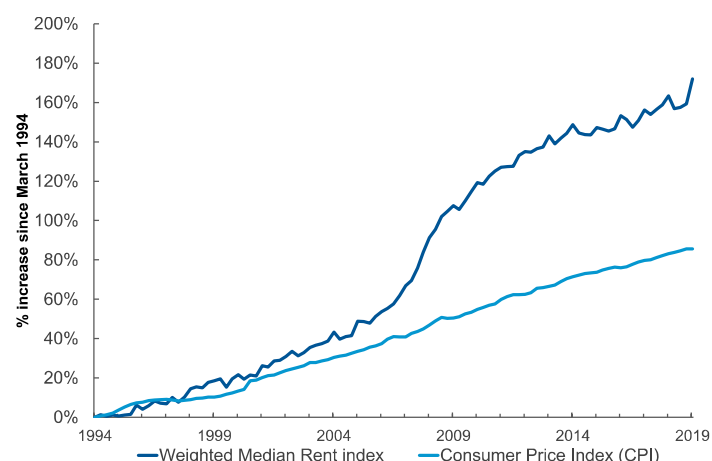


Table 5: Australia

	Mar 2019	Dec 2018	Mar 2018
Home Loan Affordability Indicator (HLAI)	33.0	32.0	31.9
Average HLAI since December quarter 1996	32.6	32.6	32.6
Proportion of family income devoted to meeting average loan repayments	30.3%	31.2%	31.3%
Proportion of family income devoted to meeting median rents	25.0%	24.0%	24.8%
Median weekly family income	\$1,774	\$1,765	\$1,728
Average monthly loan repayment	\$2,327	\$2,390	\$2,345
Average loan	\$387,850	\$395,568	\$396,951
Total number of loans (excl refinancing)	86,909	108,666	100,757
Number of loans to first home buyers	23,403	29,147	26,464
Average first home buyer loan	\$338,251	\$337,529	\$330,257
Banks			
Standard variable interest rate	5.4%	5.3%	5.2%
Fixed interest rate	4.1%	4.1%	4.1%
Building societies			
Standard variable interest rate	5.0%	4.6%	4.6%
Fixed interest rate	4.1%	4.1%	4.1%
Other lenders			
Standard variable interest rate	3.6%	3.7%	3.7%
Fixed interest rate	3.7%	4.0%	4.0%
Percentage change	HLAI	CPI	
Since previous quarter	3.1%	0.0%	
Since corresponding quarter last year	3.4%	1.3%	

State by state

New South Wales

Over the March quarter, housing affordability in New South Wales improved with the proportion of income required to meet loan repayments decreasing to 35.4%, a decrease of 1.3 percentage points over the quarter. Housing affordability also improved over the past year with proportion of income required to meet monthly loan repayments decreasing by 1.1 percentage points.

Rental affordability improved marginally in New South Wales over the March quarter with the proportion of income required to meet median rent payments decreasing to 28.2%, a decrease of 0.1 percentage points over the March quarter and 1.9 percentage points compared with the March quarter 2018.

In New South Wales, the number of loans to first home buyers decreased to 5,790, a decrease of 24.2% over the quarter and a decrease of 11.0% compared to the March quarter 2018. Of the total number of first home buyers that purchased during the March quarter, 24.7% were from New South Wales while first home buyers make up 24.2% of the State's owner-occupier market. The average loan to first home buyers decreased to \$377,792, a decrease of 0.7% over the quarter, but an increase of 1.7% compared to the same quarter last year.

The number of loans (excluding refinancing) in New South Wales decreased to 23,923, a decrease of 24.1% over the quarter, and a decrease of 17.4% compared to the March quarter 2018. The average loan size decreased to \$453,101, a decrease of 2.5% over the quarter and a decrease of 2.0% compared to the corresponding quarter last year. New South Wales has the largest average loan size across the country.

Table 6: New South Wales

	Mar 2019	Dec 2018	Mar 2018
Home Loan Affordability Indicator (HLAI)	28.3	27.2	27.4
Average HLAI since December quarter 1996	28.2	28.2	28.2
Proportion of family income devoted to meeting average loan repayments	35.4%	36.7%	36.5%
Proportion of family income devoted to meeting median rents	28.2%	28.3%	30.1%
Median weekly family income	\$1,774	\$1,765	\$1,727
Average monthly loan repayment	\$2,719	\$2,808	\$2,731
Average loan	\$453,101	\$464,883	\$462,282
Total number of loans (excl refinancing)	23,923	31,503	28,959
Number of loans to first home buyers	5,790	7,634	6,502
Average first home buyer loan	\$377,792	\$380,461	\$371,351
Percentage Change	HLAI	CPI	
Since previous quarter	4.0%	-0.1%	
Since corresponding quarter last year	3.3%	1.3%	

Chart 8 New South Wales HLAI

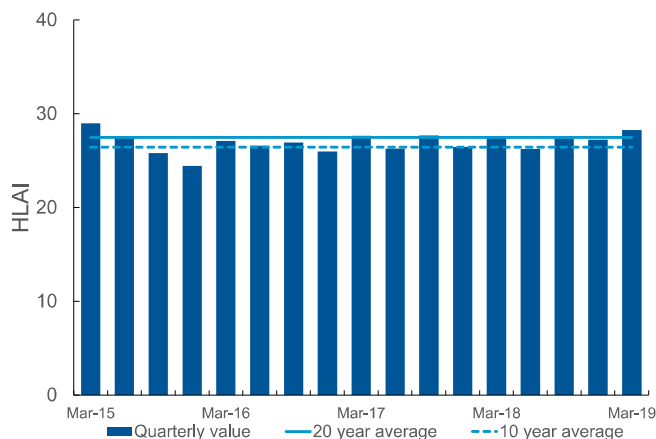
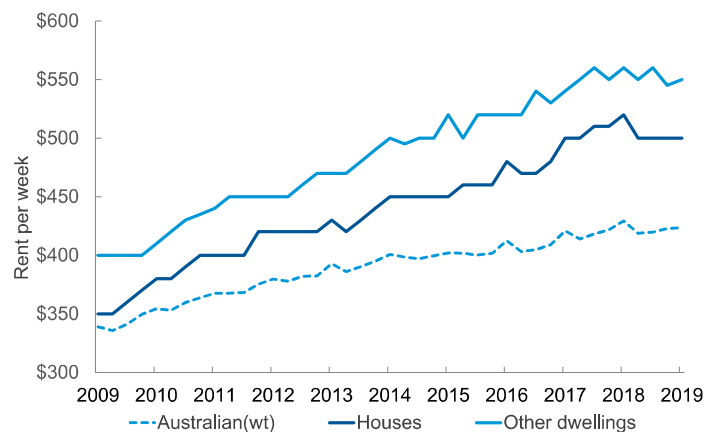


Chart 9 Median rents Sydney



fast facts

New South Wales had the largest decrease in proportion of income to meet home loans.



Victoria

Over the March quarter, housing affordability improved in Victoria with the proportion of income required to meet loan repayments decreasing to 32.5%, a decrease of 0.6 percentage points over the quarter and 1.6 percentage points compared to the same quarter of the previous year.

Rental affordability in Victoria improved over the March quarter with the proportion of income required to meet median rent decreasing marginally to 23.1%, a decrease of 0.1 percentage points over the quarter and 0.7 percentage points compared with the March quarter 2018.

The number of loans to first home buyers in Victoria decreased to 7,199, a decrease of 18.7% over the quarter, and a decrease of 11.9% compared to the March quarter 2018. Of the total number of first home buyers that purchased during the March quarter, 30.8% were from Victoria while first home buyers make up 29.3% of the State's owner-occupier market. In the March quarter 2019, the average loan to first home buyers decreased to \$355,958, a decrease of 0.2% over the quarter, but an increase of 2.4% compared to the March quarter 2018.

In Victoria, the total number of loans (excluding refinancing) decreased to 24,566, a decrease of 20.4% during the quarter, and a decrease of 14.7% compared to the March quarter 2018. The average loan size decreased to \$406,546, a decrease of 0.6% over the quarter and a decrease of 3.5% when compared to the corresponding quarter 2018.

Table 7: Victoria

	Mar 2019	Dec 2018	Mar 2018
Home Loan Affordability Indicator (HLAI)	30.8	30.2	29.3
Average HLAI since December quarter 1996	33.0	33.0	33.1
Proportion of family income devoted to meeting average loan repayments	32.5%	33.1%	34.1%
Proportion of family income devoted to meeting median rents	23.1%	23.2%	23.8%
Median weekly family income	\$1,734	\$1,723	\$1,684
Average monthly loan repayment	\$2,440	\$2,472	\$2,489
Average loan	\$406,546	\$409,151	\$421,340
Total number of loans (excl refinancing)	24,566	30,854	28,790
Number of loans to first home buyers	7,199	8,855	8,172
Average first home buyer loan	\$355,958	\$356,634	\$347,713
Percentage Change	HLAI	CPI	
Since previous quarter	2.0%	0.1%	
Since corresponding quarter last year	5.1%	1.2%	

Chart 10 Victoria HLAI

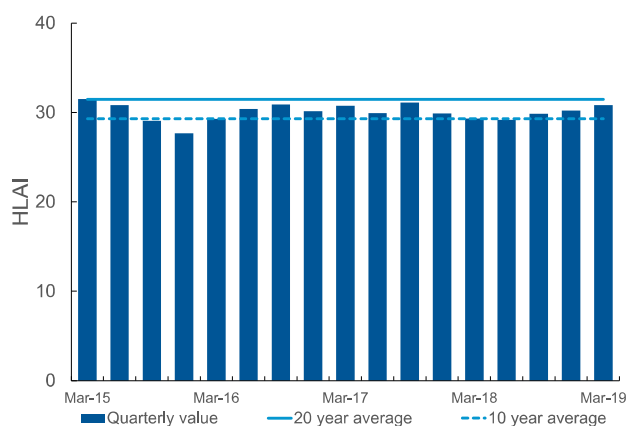
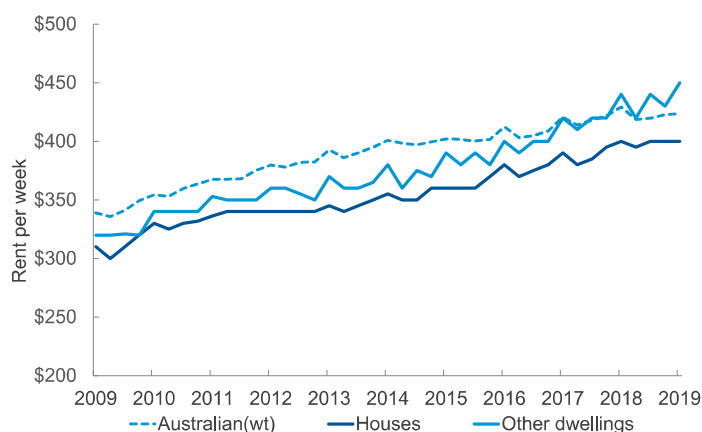


Chart 11 Median rents Melbourne



fast facts

Victoria had the largest number of first home buyers (24,566).

Queensland

Housing affordability in Queensland improved with the proportion of income required to meet loan repayments decreasing to 27.5%, a decrease of 0.6% over the quarter but remaining steady compared to the same quarter last year.

Rental affordability in Queensland also improved over the quarter with the proportion of income required to meet the median rent decreasing to 22.0%, a decrease of 0.1 percentage points over the quarter and a decrease of 1.1 percentage points over the past year.

Over the March quarter, the number of loans to first home buyers in Queensland decreased to 4,677, a decrease of 17.4% over the quarter and a decrease of 17.1% compared to the same quarter of 2018. Of all Australian first home buyers over the quarter, 20.0% were from Queensland while the proportion of first home buyers in the State's owner-occupier market was 26.0%. The average loan size to first home buyers increased to \$305,027, an increase of 2.6% during the quarter and an increase of 3.9% compared to the March quarter 2018.

The number of loans (excluding refinancing) decreased in Queensland to 17,979, a decrease of 16.9% over the quarter and a decrease of 14.9% compared to the March quarter of the previous year. The average loan size decreased to \$343,354, a decrease of 0.9% during the quarter, but an increase of 1.0% compared to the March quarter 2018.

Table 8: Queensland

	Mar 2019	Dec 2018	Mar 2018
Home Loan Affordability Indicator (HLAI)	36.4	35.6	36.4
Average HLAI since December quarter 1996	34.2	34.2	34.1
Proportion of family income devoted to meeting average loan repayments	27.5%	28.1%	27.5%
Proportion of family income devoted to meeting median rents	22.0%	22.1%	23.1%
Median weekly family income	\$1,730	\$1,721	\$1,685
Average monthly loan repayment	\$2,060	\$2,093	\$2,007
Average loan	\$343,354	\$346,383	\$339,973
Total number of loans (excl refinancing)	17,979	21,628	21,131
Number of loans to first home buyers	4,677	5,664	5,641
Average first home buyer loan	\$305,027	\$297,196	\$293,460
Percentage Change	HLAI	CPI	
Since previous quarter	2.2%	0.1%	
Since corresponding quarter last year	0.0%	1.5%	

Chart 12 Queensland HLAI

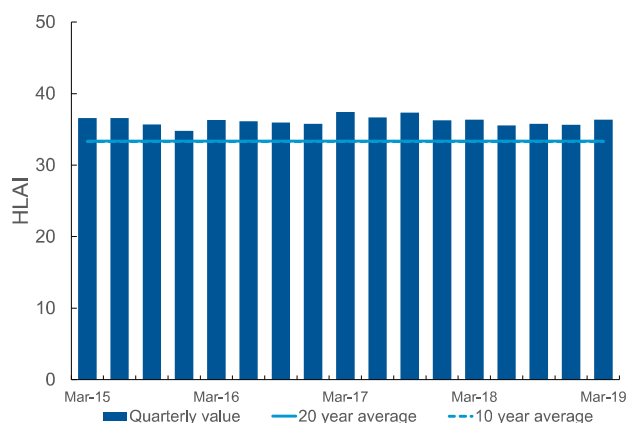
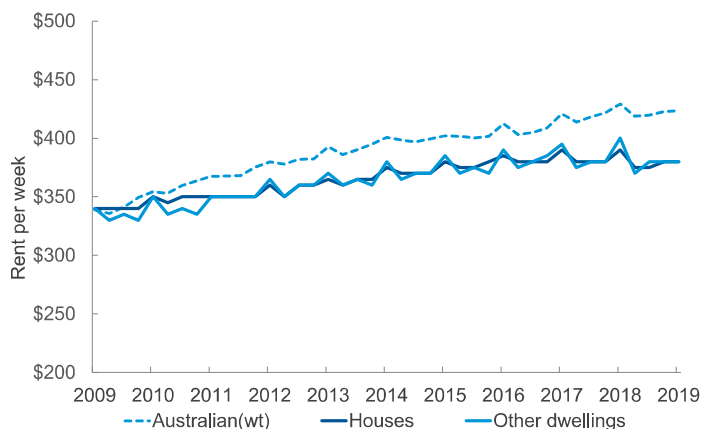


Chart 13 Median rents Brisbane



fast facts

Family income to meet rental payments is at 22.0%.



South Australia

Over the March quarter, housing affordability in South Australia improved with the proportion of income required to meet monthly loan repayments decreasing to 26.9%, a decrease of 0.6 percentage points over the quarter and 0.3 percentage points compared to the March quarter in 2018.

Rental affordability in South Australia declined over the quarter with the proportion of income required to meet average rent payments increasing to 22.8%, an increase of 0.8 percentage points over the quarter and an increase of 0.4 percentage points compared to the same quarter in 2018.

Over the March quarter, the number of loans to first home buyers in South Australia decreased to 1,370, a decrease of 16.7% over the quarter but an increase of 5.6% compared to the March quarter 2018. Of all Australian first home buyers over the quarter, 5.9% were from South Australia while the proportion of first home buyers in the state's owner-occupier market was 21.1%. The average loan size to first home buyers increased to \$288,529, an increase of 1.4% over the quarter and an increase of 2.7% when compared to a year earlier.

In South Australia, the total number of loans (excluding refinancing) decreased to 6,503, a decrease of 14.5% over the quarter, and a decrease of 2.0% compared to the March quarter 2018. The average loan size decreased to \$316,134, a decrease of 0.8% over the quarter but remained steady over the previous year.

Table 9: South Australia

	Mar 2019	Dec 2018	Mar 2018
Home Loan Affordability Indicator (HLAI)	37.1	36.4	36.8
Average HLAJ since December quarter 1996	38.6	38.6	38.7
Proportion of family income devoted to meeting average loan repayments	26.9%	27.5%	27.2%
Proportion of family income devoted to meeting median rents	22.8%	22.0%	22.4%
Median weekly family income	\$1,625	\$1,617	\$1,585
Average monthly loan repayment	\$1,897	\$1,926	\$1,868
Average loan	\$316,134	\$318,780	\$316,213
Total number of loans (excl refinancing)	6,503	7,607	6,634
Number of loans to first home buyers	1,370	1,645	1,297
Average first home buyer loan	\$288,529	\$284,469	\$281,004
Percentage Change	HLAI	CPI	
Since previous quarter	1.9%	0.1%	
Since corresponding quarter last year	0.8%	1.3%	

Chart 14: South Australia HLAJ

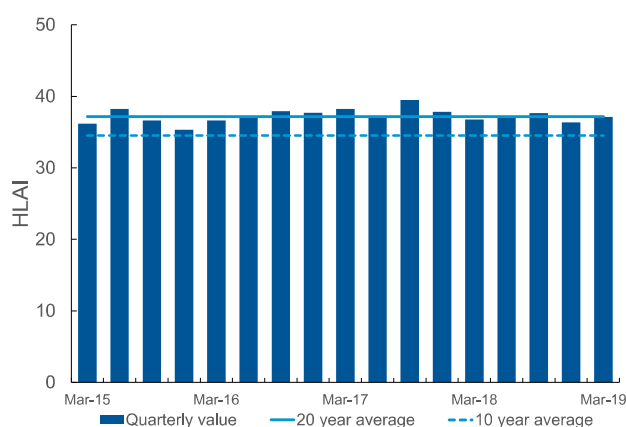
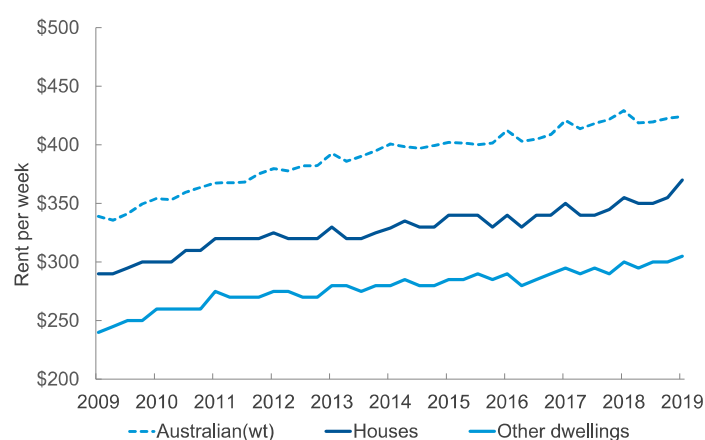


Chart 15 Median rents Adelaide



fast facts

Family income to meet loan repayments decreased by 0.3 percentage points to 26.9% in South Australia.

Western Australia

Over the March quarter, housing affordability in Western Australia improved with the proportion of income required to meet loan repayments decreasing to 22.6%, a decrease of 0.5 percentage points over the quarter and a decrease of 1.0 percentage points over the previous year.

Rental affordability in Western Australia also improved during the March quarter with the proportion of income required to meet the median rent decreasing to 16.5%, a decrease of 0.1 percentage points over the quarter. However, rental affordability declined over the past year with proportion of income required to meet median rent increasing 0.2 percentage points.

The number of first home buyers in Western Australia decreased to 3,313 in the March quarter, a decrease of 13.6% over the quarter and a decrease of 7.4% compared to the same time last year. Of all Australian first home buyers over the quarter, 14.2% were from Western Australia while the proportion of first home buyers in the state's owner-occupier market was 35.9%. The average loan to first home buyers increased to \$308,497, an increase of 0.5% over the quarter, and an increase of 0.1% compared to the March quarter 2018.

The total number of loans (excluding refinancing) in Western Australia decreased to 9,235, a decrease of 16.2% over the quarter and a decrease of 9.3% compared to the same time last year. The average loan size decreased to \$336,186, a decrease of 1.3% over the quarter and a decrease of 4.1% compared to the March quarter 2018.

Table 10: Western Australia

	Mar 2019	Dec 2018	Mar 2018
Home Loan Affordability Indicator (HLAI)	44.2	43.2	42.3
Average HLAI since December quarter 1996	38.8	38.7	38.6
Proportion of family income devoted to meeting average loan repayments	22.6%	23.1%	23.6%
Proportion of family income devoted to meeting median rents	16.5%	16.6%	16.3%
Median weekly family income	\$2,060	\$2,052	\$2,021
Average monthly loan repayment	\$2,017	\$2,057	\$2,071
Average loan	\$336,186	\$340,515	\$350,488
Total number of loans (excl refinancing)	9,235	11,017	10,186
Number of loans to first home buyers	3,313	3,833	3,578
Average first home buyer loan	\$308,497	\$306,850	\$308,070
Percentage Change	HLAI	CPI	
Since previous quarter	2.3%	-0.1%	
Since corresponding quarter last year	4.5%	1.1%	

Chart 16 Western Australia HLAI

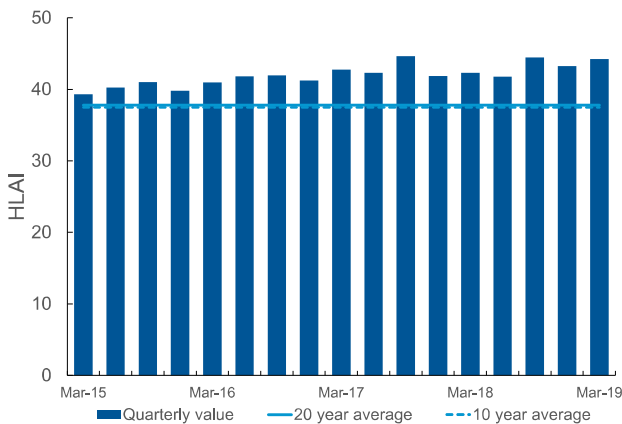
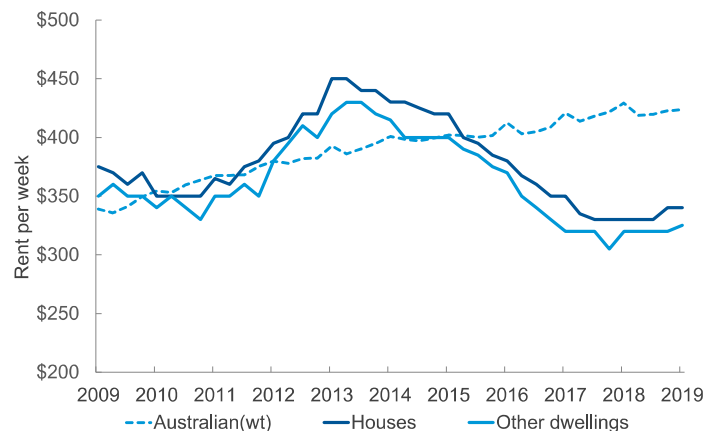


Chart 17 Median rents Perth



fast facts

Western Australia had the highest annual decrease in average loan amount (4.1%).



Tasmania

Over the March quarter, housing affordability in Tasmania improved with the proportion of income required to meet loan repayments decreasing to 25.4%, a decrease of 0.9 percentage points over the quarter. However, housing affordability has declined over the past year with proportion of income required to meet monthly loan repayments increasing by 0.9 percentage points.

Rental affordability in Tasmania declined over the quarter with the proportion of income required to meet median rents increasing to 29.3%, an increase of 1.2 percentage points over both the quarter and when compared to the same period in 2018.

The number of first home buyers in Tasmania decreased to 475, a decrease of 12.8% over the quarter but an increase of 13.1% compared to the same quarter of the previous year. Of all Australian first home buyers over the quarter, 2.0% were from Tasmania while the proportion of first home buyers in the state's owner-occupier market was 21.2%. The average loan to first home buyers increased to \$273,376, an increase of 3.8% over the quarter and an increase of 11.6% compared to the same quarter 2018.

The total number of new loans (excluding refinancing) in Tasmania decreased to 2,245, a decrease of 12.9% over the quarter but an increase of 4.5% compared to the corresponding quarter 2018. The average loan size decreased to \$268,486, a decrease of 2.4% over the quarter but an increase of 4.9% compared to the same time last year. Tasmania continues to have the lowest average loan size across the country

Chart 18 Tasmania HLAI

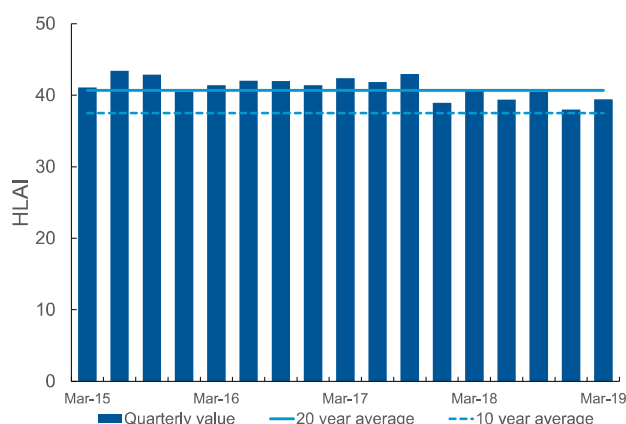
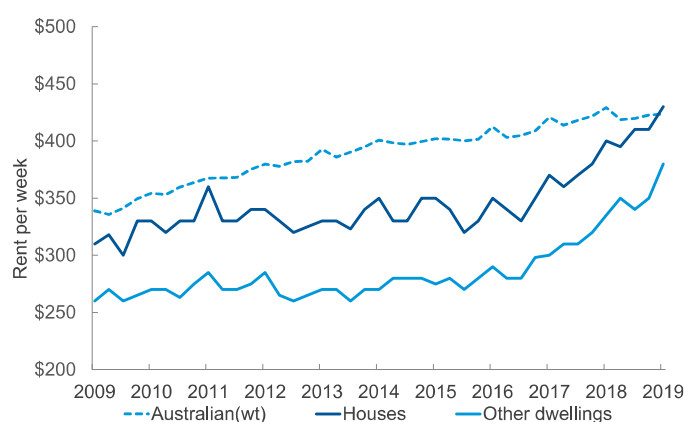


Table 11: Tasmania

	Mar 2019	Dec 2018	Mar 2018
Home Loan Affordability Indicator (HLAI)	39.4	38.0	40.8
Average HLAI since December quarter 1996	41.8	41.8	41.9
Proportion of family income devoted to meeting average loan repayments	25.4%	26.3%	24.5%
Proportion of family income devoted to meeting median rents	29.3%	28.1%	28.1%
Median weekly family income	\$1,466	\$1,458	\$1,425
Average monthly loan repayment	\$1,611	\$1,663	\$1,512
Average loan	\$268,486	\$275,217	\$255,909
Total number of loans (excl refinancing)	2,245	2,578	2,148
Number of loans to first home buyers	475	545	420
Average first home buyer loan	\$273,376	\$263,389	\$244,867
Percentage Change	HLAI	CPI	
Since previous quarter	3.7%	-0.2%	
Since corresponding quarter last year	-3.4%	2.1%	

Chart 19 Median rents Hobart



fast facts

Tasmania had the largest annual rise in monthly loan repayments (6.6%).

Northern Territory

Over the March quarter, housing affordability in the Northern Territory declined with the proportion of income required to meet loan repayments increasing to 20.2%, an increase of 0.8 percentage points over the quarter and an increase of 0.4 percentage points when compared to the March quarter 2018.

Rental affordability in the Northern Territory improved during the March quarter with the proportion of income required to meet the median rent decreasing to 20.9%, a decrease of 0.4 percentage points over the quarter and 1.6 percentage points over the previous year.

The number of loans to first home buyers in the Northern Territory decreased to 187, a decrease of 28.4% over the March quarter but an increase of 12.7% compared to the March quarter 2018. Of all Australian first home buyers over the quarter, 0.8% were from the Northern Territory while the proportion of first home buyers in the Territory's owner-occupier market was 37.0%. The average loan size to first home buyers increased to \$301,863, an increase of 6.0% over the quarter and an increase of 8.5% compared to the same time last year.

The number of new loans (excluding refinancing) in the Northern Territory decreased to 506, a decrease of 22.0% over the quarter and a decrease of 17.6% compared to the March quarter 2018. The average loan size increased to \$316,204, an increase of 5.1% over the quarter and an increase of 2.7% compared to the March quarter 2018.

Table 12: Northern Territory

	Mar 2019	Dec 2018	Mar 2018
Home Loan Affordability Indicator (HLAI)	49.6	51.5	50.4
Average HLAI since December quarter 1996	42.5	42.5	42.2
Proportion of family income devoted to meeting average loan repayments	20.2%	19.4%	19.8%
Proportion of family income devoted to meeting median rents	20.9%	21.3%	22.5%
Median weekly family income	\$2,172	\$2,160	\$2,118
Average monthly loan repayment	\$1,897	\$1,817	\$1,820
Average loan	\$316,204	\$300,812	\$308,039
Total number of loans (excl refinancing)	506	649	614
Number of loans to first home buyers	187	261	166
Average first home buyer loan	\$301,863	\$284,754	\$278,311
Percentage Change	HLAI	CPI	
Since previous quarter	-3.7%	-0.8%	
Since corresponding quarter last year	-1.6%	0.4%	

Chart 20 Northern Territory HLAI

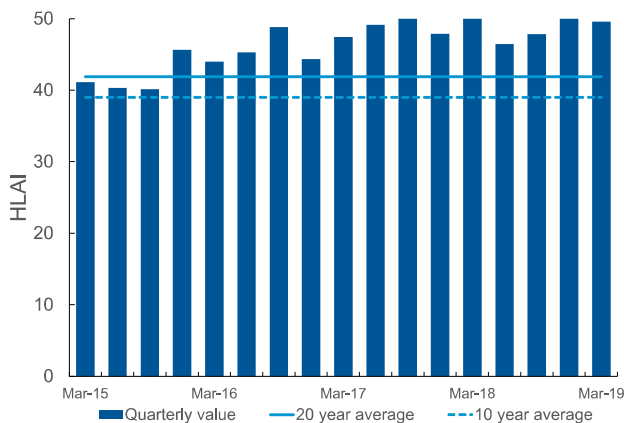
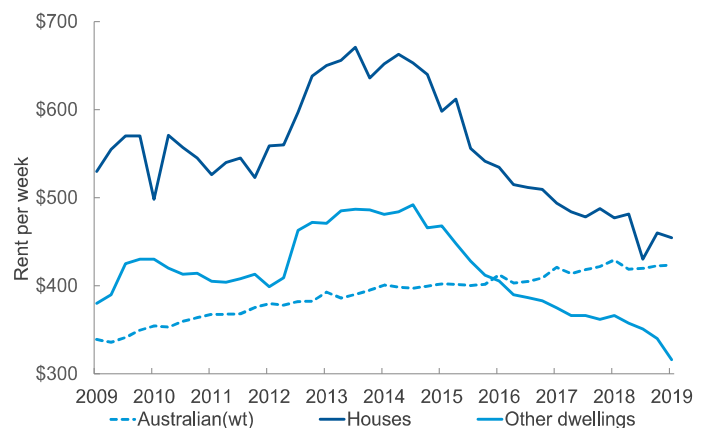


Chart 21 Median rents Darwin



fast facts

The Northern Territory had the highest increase of family income required to meet loan repayments increasing 0.8% percentage points.



Australian Capital Territory

Over the March quarter, housing affordability in the Australian Capital Territory improved with the proportion of income required to meet loan repayments decreasing to 20.3%, a decrease of 0.3 percentage points over the quarter. However, housing affordability has declined when compared to the March quarter 2018 with the proportion of income required to meet monthly loan repayments increasing by 0.6 percentage points.

Rental affordability in the Australian Capital Territory has declined over the quarter with the proportion of income required to meet the median rent increasing to 19.0%, an increase of 0.1 percentage points over the quarter and an increase of 0.5 percentage points over the past year.

The number of loans to first home buyers in the Australian Capital Territory decreased to 392, a decrease of 44.8% over the quarter, and a decrease of 43.0% compared to the March quarter 2018. Of all Australian first home buyers over the quarter, 1.7% were from the Australian Capital Territory while the proportion of first home buyers in the Territory's owner-occupier market was 20.1%. The average loan for first home buyers increased to \$347,437, an increase of 8.1% over the quarter and an increase of 12.5% compared to the corresponding quarter 2018.

The number of loans (excluding refinancing) in the Australian Capital Territory decreased to 1,952, a decrease of 31.0% over the quarter and a decrease of 14.9% compared to the March quarter 2018. The average loan size decreased to \$401,891, a decrease of 0.5% over the quarter, but an increase of 3.9% compared to the March quarter 2018.

Chart 22 Australian Capital Territory HLAI

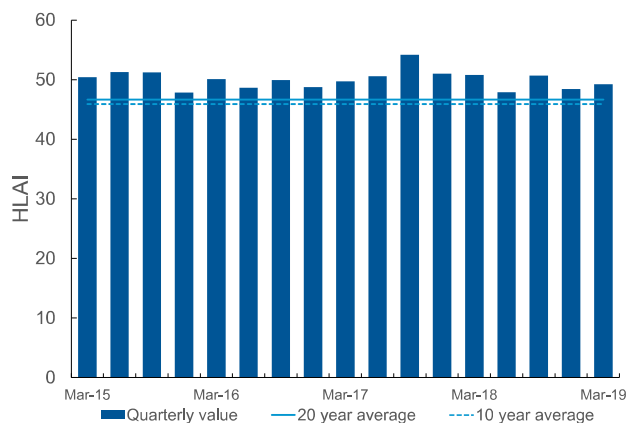
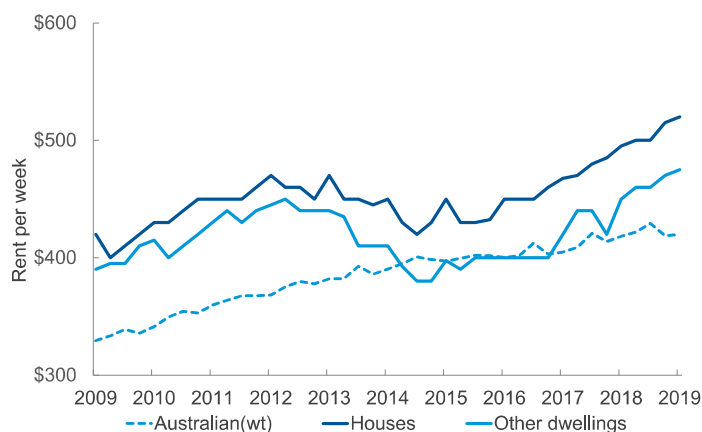


Table 13: Australian Capital Territory

	Mar 2019	Dec 2018	Mar 2018
Home Loan Affordability Indicator (HLAI)	49.3	48.4	50.8
Average HLAJ since December quarter 1996	47.1	47.0	47.0
Proportion of family income devoted to meeting average loan repayments	20.3%	20.6%	19.7%
Proportion of family income devoted to meeting median rents	19.0%	18.9%	18.5%
Median weekly family income	\$2,741	\$2,727	\$2,677
Average monthly loan repayment	\$2,412	\$2,440	\$2,284
Average loan	\$401,891	\$403,847	\$386,635
Total number of loans (excl refinancing)	1,952	2,830	2,295
Number of loans to first home buyers	392	710	688
Average first home buyer loan	\$347,437	\$321,469	\$308,709
Percentage Change	HLAI	CPI	
Since previous quarter	1.9%	0.1%	
Since corresponding quarter last year	-3.0%	1.8%	

Chart 23 Median rents Canberra



fast facts

Median rent in the Australian Capital Territory increased to 19.0% of family income.

Housing Affordability Report



AdelaideBank
it's personal

Adelaide Bank/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 Adelaide Bank/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 size and total number for first home buyers and all borrowers (excluding refinancing) are average data over the quarter, based on all lender data from the ABS.

Average Monthly Loan Repayment: Loan repayment figures are calculated from data provided by the ABS, CANSTAR, and financial institutions across Australia. From the June quarter 2012, interest rates are calculated as weighted average interest rates for banks, building societies and other lenders.

Median Weekly Family Income: A family is defined as a married 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/ Quarterly Median Vacancy Rates: 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.

Real Estate Institute of Australia

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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Adelaide Bank

Adelaide Bank is a leading customer connected business, operating for more than 100 years. Adelaide Bank was established in January 1994, originating from the Co-operative Building Society of South Australia, which was Australia's largest building society at that time.

Adelaide Bank is now the dedicated intermediary lending business of Bendigo and Adelaide Bank Limited. We have a specialised focus on supporting intermediaries through continued product innovation and exceptional service levels.

Adelaide Bank's success is achieved by distributing mortgage products through partnerships with industry professionals. This offers our customers the freedom of choice when sourcing products that best meet their financial needs.

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