

REAL ESTATE INSTITUTE OF
AUSTRALIA



Housing Affordability Report

The case for home ownership:
A 20 year analysis



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VICTORIA

	2001	2006	2011	2016	2021
Proportion of family income devoted to meeting average loan repayments	26.5%	35.9%	43.7%	34.4%	36.2%
Proportion of family income devoted to meeting median rents	20.5%	19.5%	23.6%	21.8%	20.3%
Median weekly family income	\$951	\$1,180	\$1,443	\$1,700	\$2,018
Average monthly loan repayment	\$1,092	\$1,838	\$2,734	\$2,535	\$3,165
Average loan	\$157,064	\$248,973	\$360,766	\$414,157	\$568,188
Rental vacancy rates	3.9%	2.8%	3.1%	2.7%	6.3%

Housing affordability declined in Victoria over the past 20 years by 9.7 percentage points. The proportion of income required to meet loan repayments increased from 26.5% in June 2001 to 36.2% in June 2021.

While family income increased 112.1%, average home loan repayments increased 189.8%. Average home loan amounts increased 261.8%, an increase from \$157,064 to \$568,188.

The differential between renting and meeting loan repayments was 6.0 percentage points in June 2001. The rent buy differential was at its highest point, 21.9 percentage points, during the G.F.C. and at its lowest point in June 2002 at 5.4 percentage points. By June 2021 the rent buy differential had increased to 15.9 percentage points.

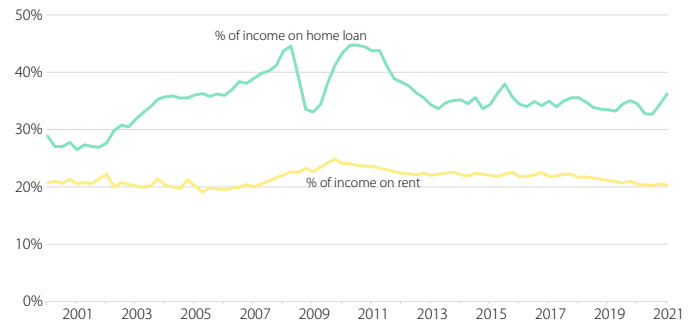
Housing affordability in Victoria was at its most affordable in June 2001 at 26.5% and in December 2010 the state was at its least affordable, 44.7%.

Access to the market for first home buyers was at its best in June 2009 when 50.7% of all new loans were from first home buyers. In contrast, in June 2017 only 24.4% of new loans were from first home buyers. By June of 2020 first home buyers made up 40.9% of the market.

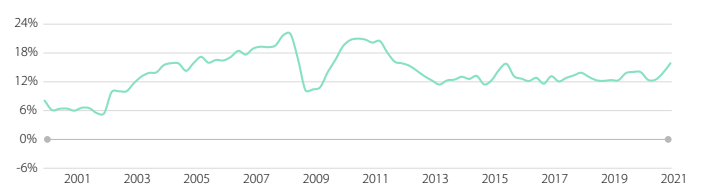
Rental affordability improved 0.2 percentage points over the past 20 years. The proportion of income required to meet rental repayments marginally decreased from 20.5% in June 2001 to 20.3% in June 2021. Rental affordability was at its most affordable at 19.1% of family income in September 2005 and at its least affordable at 24.8% in March 2010.

Vacancy rates for Melbourne were at their tightest in March 2008 at 1.6% and had the highest number of vacant properties in December 2002 at 6.6%.

Housing and rental affordability trend



Rent buy differential



Average loan amounts and percentage of first home buyers

