

News Release

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Increased housing costs shift portion of income required for renters and owners

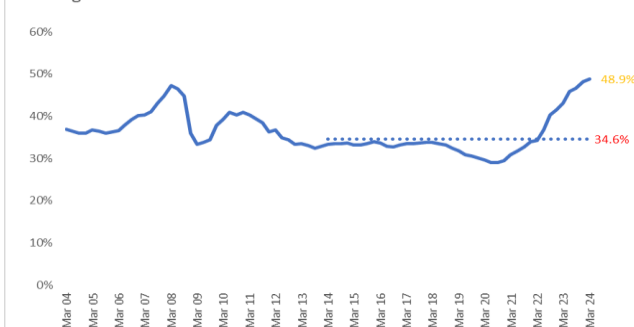
Both mortgage and rental affordability worsened over the March quarter of 2024, driven by an ongoing increase in mortgage rates and continued tightening in the rental market, a new report released today by ANZ and CoreLogic has found.

The *ANZ CoreLogic Housing Affordability Report* looks at the decreasing affordability of housing in Australia in the first quarter of 2024, for both renters and owners.

The key findings include:

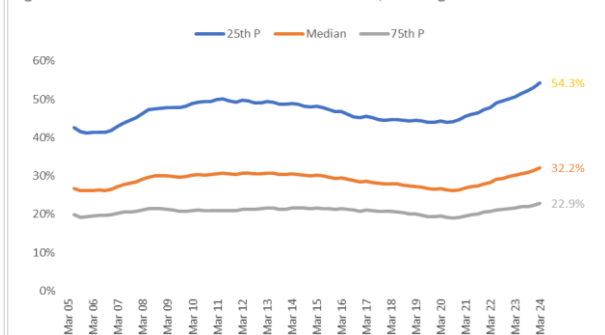
- The portion of income required to service median new rents reached a new high of 32.2 per cent nationally in March 2024.
- The demographic of private renters is shifting to higher-income earners, due to long-term declines in the rate of home ownership.
- The increase in private rents in lower cost markets has absorbed the recent \$48 minimum wage increase set by the Fair Work Commission.
- The portion of median income required to service a new mortgage reached a series high of 48.9 per cent nationally in March 2024.
- Nationally, CoreLogic estimates the time to save a 20 per cent deposit has increased to 10.3 years for a median household income, assuming an annual savings rate of 15 per cent.
- Approximately 37 per cent of properties are serviceable for median income buyers expending 40 per cent of income, compared to 17 per cent of properties using 30 per cent of median income.

Figure 10. Portion of income to service new loan, national, dwellings



Source: CoreLogic, ANU

Figure 5. Portion of income to service rent - National, dwellings



Source: CoreLogic, ANU

At a panel event today on the Gold Coast to launch the report, ANZ Chief Economist, Richard Yetsenga, CoreLogic Head of Residential Research Australia, Eliza Owen, and Property Council of Australia Executive Director, Jess Caire, discussed what a shifting commitment to housing costs means for Australians.

CoreLogic Head of Residential Research Australia said: "The portion of owner-occupied lending secured for new first home buyer purchases was elevated as at February at 29.2%, but it's down from HomeBuilder highs of 33% in January 2021. As the year progresses and home values are likely to continue rising, the share of first home buyer activity is likely to weaken further," she said.

Property Council Australia Executive Director, Jess Caire said: "Residential housing needs to be the number one priority. We need to be making sure we're getting more houses across all typologies delivered faster and more effectively."

ANZ Group Chief Economist, Richard Yetsenga said: "Significant challenges are ongoing with supply constrained and material costs high. International competition for both materials and labour remains intense."

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