HOUSING AFFORDABILITY REPORT

JUNE QUARTER 2021
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CoreLogic

ANZ

CONTENTS

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INTRODUCTION

At a national level, housing values have been rising since October last year, posting a 21.6% rise over the 12 months ending October 2021, while rents are 9.2% higher over the same period. The initial 12 months of the current cycle is showing the fastest growth trajectory on record.

The positive turn in the market followed a brief, COVID-19 induced decline, where values fell by 2.1% before bottoming out in September 2020. There are many factors contributing to the sharp increase in dwelling values, including record low mortgage rates, a substantial lift in household savings, a variety of stimulus from different levels of government and improving consumer sentiment as lockdowns lifted.

The increase in housing values has contributed to Australia's economic recovery from COVID-19. However, it has also made a distinct impact on housing affordability with several indicators of housing costs sitting at record highs across many regions of Australia.

While indicators of home values relative to income and the deposit hurdle have increased most substantially, serviceability of mortgages have been less impacted due to low borrowing rates. Low interest rates have been vital to supporting economic activity through an unprecedented period of stay-at-home orders, social distancing and the associated disruptions. However, they have also contributed to greater inequality between those that have been able to achieve home ownership, and those trying to enter the housing market.

Furthermore, while the portion of income required to service rents has remained relatively manageable at the national level, there are pockets of regional Australia and lifestyle markets where the difficulty of saving for a deposit is being further hampered by a sharp rise in rents.

Among the standout figures from around the capital cities and regions is the extremely high cost of serviceability now present across Sydney, Australia's most expensive, and most populous, capital city market. The estimated cost of servicing a new mortgage on the median dwelling value is 49.1%, suggesting it is simply unfeasible for many at the average income level to service housing costs on a typical dwelling. This would prompt many Sydney buyers to make compromises on the type or quality of property purchased, and distance to major employment and entertainment hubs.

The June quarter edition of the ANZ-CoreLogic Housing Affordability report outlines the trend in various metrics around housing costs relative to income. The following methodology section expands on the assumptions and calculation of the multiple metrics used. A summary of performance in the metrics is provided for Australia, as well as each capital city and regional market.

Though the current report examines the state of housing affordability to the June 2021 quarter, CoreLogic data shows both housing values and rents have remained on an upward trajectory since June, suggesting that affordability has continued to deteriorate.

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HOW IS HOUSING AFFORDABILITY MEASURED?

Assessing the state of housing affordability should consider different tenure types and stages of property ownership. The dwelling value to income ratio (or median multiple) is a widely used measure of housing affordability, which divides median dwelling values by median household incomes. This simple measure is internationally comparable.

However, in isolation, this metric misses the practicalities of housing servicing costs in a low interest rate environment, and obtaining home ownership through finance. The dwelling value to income ratio also excludes the rental dimension of housing, where ABS data suggests around 32% of households are renting in Australia.

For this reason, this report assesses multiple metrics for assessing the state of housing affordability. These are the ratio of dwelling values to income, the number of years taken to save a 20% deposit, the portion of income required to service a new mortgage and the portion of household income required to service rent.

Another challenge of providing useful insights on housing costs is lagged data. Despite high frequency housing information from CoreLogic, where a measure of housing values is produced to the previous month, detailed household income data is often reliant on reporting from the ABS Census, and the Survey of Income and Housing. The latest available income data from these is for the 2017-18 financial year.

This is why CoreLogic has partnered with the ANU Centre for Social Research and Methods (ANU). ANU provides modelled estimates for household incomes, adjusted by information from the ABS National Accounts data. This means housing affordability metrics can be reported in a more timely fashion. Through this collaboration, the ANZ-CoreLogic affordability report presents the timeliest and most complete measure of housing affordability on the Australian housing market.

OUTLINE OF HOUSING AFFORDABILITY METRICS

Ratio of dwelling values to income

Utilising median household income data from ANU and median dwelling value data from CoreLogic, we determine the ratio of dwelling values to household income over time. The expressed figure is a multiple of median household income. For example, a city where the median dwelling value is $500,000 and the median household income is $100,000, the ratio would be 5.0 (dwelling values are 5 times higher than gross annual household incomes).

The number of years it takes to save a 20% deposit

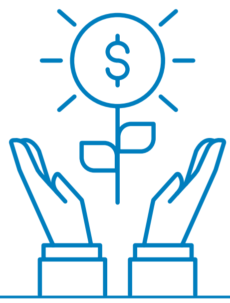
Using the ANU median household income data, we provide a measure of affordability for those households that do not yet own a home. This analysis assumes a household can save 15% of their gross annual household income. Based on these savings, the result measures how many years it would take to save a 20% deposit. For example, based on a 15% savings objective, a household earning $100,000 gross per annum would save $15,000 per annum. If the median dwelling value across the city was $500,000, a 20% deposit would equate to $100,000. Based on the household savings, it would take 6.7 years to save a 20% deposit.

The proportion of household income required to service a new mortgage

This measure looks at mortgage serviceability for median income households servicing a mortgage if they were to purchase through the June quarter of 2021. It assumes the owner has borrowed 80% of the median dwelling value and is paying the average discounted variable mortgage rate at that time for a term of 25 years. We measure the proportion of gross annual household income required to service the mortgage. For example, based on a median dwelling value of $500,000 and a 20% deposit, the loan principal would be $400,000. If the median household income was $100,000 and the current discounted variable mortgage rate was 4.5%, the household would be up for $26,660 in mortgage repayments each year, or 26.7% of their gross annual household income.

The proportion of household income required to pay rent

Utilising household income data together with the median weekly asking rent through the June quarter of 2021, we measure what percentage of gross annual household income is required to pay the rent. For example, a household earning $100,000 per annum in a city where the median weekly rent is $500 per week would be dedicating 26% of their gross annual household income towards paying their landlord.



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NATIONAL OVERVIEW

Following the onset of the COVID-19 pandemic in Australia, dwelling values did not perform as many had expected. Values saw a peak to trough decline of just 2.1% between April and September 2020, before surging to new record highs by January 2021. The housing market has reached fresh record highs each month since.

The initial, marginal decline in housing values at the national level was associated with plunging consumer sentiment, and an engineered slowdown in economic activity through lockdowns. However, a strong turn in the housing market came about due to multiple factors, including:

- **A record low cash rate setting.** Since the onset of the pandemic, the RBA has reduced the cash rate target by 65 basis points to a record low 0.1%, and implemented further unconventional monetary policy to reduce bank and government borrowing costs. This has allowed mortgage rates to fall to record lows, which has in turn increased demand for housing credit, and contributed to house value increases.
- **Unprecedented government and institutional support for households.** Economic support programs such as JobKeeper supported those with mortgages. ABS survey data on household behaviours through COVID-19 suggests 13.9% of those receiving government support payments in response to COVID-19 used it to service mortgages or rent through the June 2020 quarter, and a majority of JobKeeper recipients owned their home with a mortgage. Many banks also responded to the pandemic with mortgage repayment deferrals. Such measures likely prevented forced housing sales, and kept housing supply levels tight as demand for housing fell through lockdowns. Other government stimulus like the HomeBuilder program and various state government supports have also helped to support house prices through the pandemic.
- **Accumulated savings**. COVID-19 lockdowns changed household consumption patterns. As households paused spending on overseas travel, entertainment and hospitality, the household saving ratio shot up to 22.0% through the June 2020 quarter, against a previous decade average at the time of 6.7%.

Between the end of March 2020 and June 2021, Australian housing values increased 12.6%. Over the same period, ANU income modelling suggests the median household income has declined a marginal 0.2%. With housing values increasing faster than household incomes, each of the ANZ-CoreLogic housing affordability metrics have deteriorated at the national level.

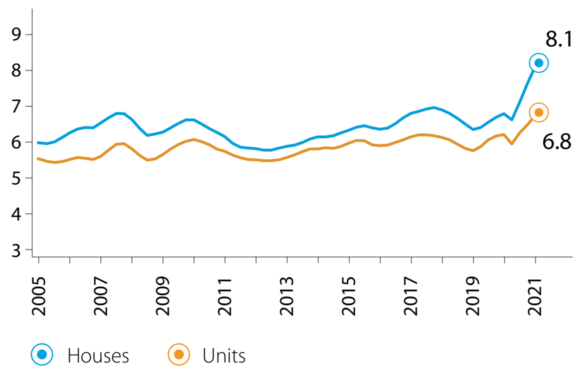
Dwelling value to household income

The national dwelling value to income ratio reached a record high 7.7 in the June quarter 2021. The ratio is sitting above the decade average of 6.3, and is up from 6.4 in the September 2020 quarter, when housing values had been mildly dampened by national stage 2 restrictions in response to COVID-19.

Growth in the value to income ratio has been sharper across houses than units, leading to the widest gap in the ratio on record between houses and units. Between March 2020 and June 2021, the value to income ratio for Australian houses has increased from 6.7 to 8.1, while the ratio for units nationally has increased from 6.2 to 6.8.

The greater deterioration in affordability for detached housing has been shaped by housing demand trends since the onset of the pandemic. As Australians found themselves spending more time at home, larger detached dwellings have become particularly desirable. Additionally, owner-occupiers have made up a larger-than-usual component of housing demand through the current upswing, and owner-occupier purchasers also generally have a greater preference for detached houses over units. The stronger demand for lower density housing is indicated by the capital growth rate in house values over the 12 months to June 2021 nationally, which was 15.6%, compared to a 6.8% lift in unit values. Between June and October 2021, Australian house values rose a further 6.8% while units increased 4.8%. Thus these metrics are expected to show further increases against household income in the coming months.

VALUE TO HOUSEHOLD INCOME RATIO



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Years to save a deposit

Based on households saving 15% of their gross annual income, it would take the typical household a record high 10.2 years to save a 20% deposit for an Australian dwelling at the end of June quarter 2021. Record high savings periods are required across both Australian houses (10.8) and units (9.0).

The time taken to accumulate a deposit is a particularly important component of housing affordability for first home buyers. This is because those who already own property will often not need to worry about saving a deposit. Existing home owners benefit from gains in home equity as dwelling values rise over time, which can potentially be put towards other investments, including property[1], or their next home.

For first home buyers however, it is harder to match savings growth with price increases. In other words, it can be most challenging to get on the first 'rung of the property ladder'.

This challenge in accumulating savings for housing, often referred to as the 'deposit hurdle', is also reflected in declining rates of home ownership. ABS data based on the Housing and Income survey show the rate of home ownership among survey respondents fell to 66.2% in the year to June 2018. This was down from 68.3% in 2007-08, and 70.3% in 1997-98.

Despite a rise in this metric, the current upswing has still seen elevated levels of first home buyer participation. While the calculation of years to save a deposit is based on 15% of household income, ABS national accounts data suggests the household savings rate surged to 22% through the June 2020 quarter (against a previous decade average of 6.7%), as consumption patterns changed in lockdown conditions. Policies like the First Home Loan Deposit scheme have offered tens of thousands of first home buyers a 'leg up' against the deposit hurdle by wiping lenders mortgage insurance obligations, not improving affordability.

While ABS lending data suggest FHB activity surged between June 2020 and January 2021, the number of monthly FHB loans secured has since trended down, falling 22.8% between the end of January to August 2021. It is likely that FHB demand was largely concentrated through a period of overlapping government incentives. As prices continue to surge, FHB demand is likely to continue declining.

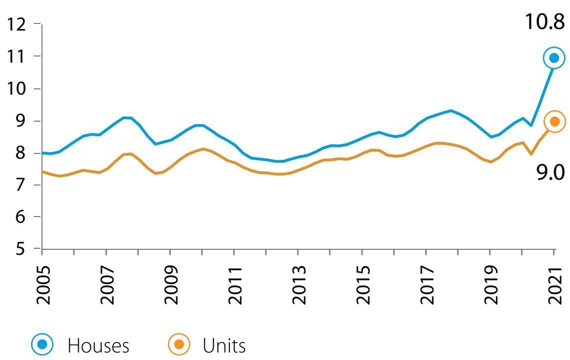
Portion of household income required to service a new mortgage

Unlike indicators of barriers to enter the housing market, mortgage serviceability has not blown out to record highs through the current upswing. This is due to the very low mortgage rate environment.

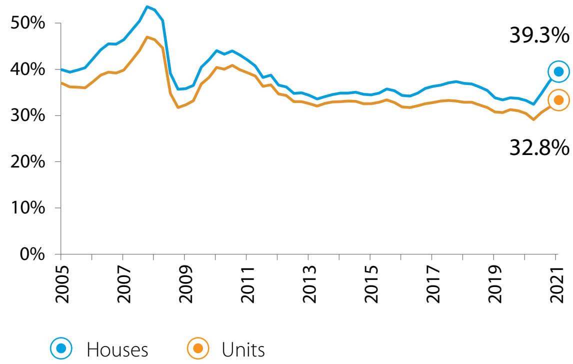
While not at record highs, the portion of income required to service a mortgage nationally has increased since the housing market bottomed out through the September 2020 quarter. By the end of the June 2021 quarter, it was estimated the portion of income required to service a new mortgage on a median dwelling value was 37.2% across Australia. This is above the decade average of 34.7%, and is at the highest level since March 2012, when the cash rate was relatively elevated at 4.25%.

The portion of income needed to service a new mortgage on Australian units was 32.8%, up from a recent low of 29.1% at the end of the September 2020 quarter. As with other affordability indicators, the portion of income required to service detached housing has risen faster than in the unit segment. At the end of the June 2021 quarter, mortgage serviceability was 39.3% of income for detached housing, up from a low of 32.4% in the September 2020 quarter.

YEARS TO SAVE A DEPOSIT



PORTION OF HOUSEHOLD INCOME REQUIRED TO SERVICE A NEW MORTGAGE



[1]Berry M, Dalton, T. (2004). Housing prices and policy dilemmas: a peculiarly Australian problem?. Urban policy and research, 22(1), 69-91

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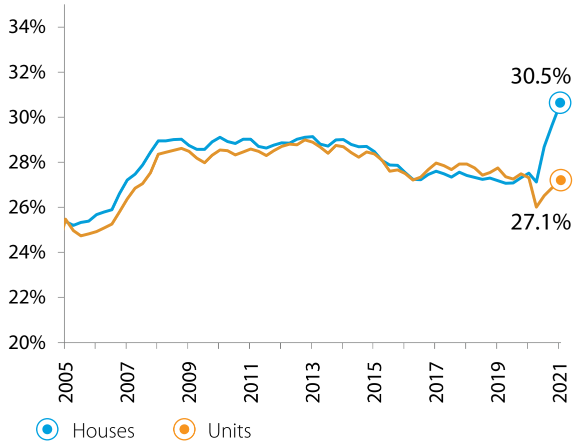
Portion of income required to pay rent

Through the June 2021 quarter, median dwelling rents remained lower than the portion of income required to service a mortgage at 29.4%, despite this being the highest percentage on record. Over the past decade, median rent costs have averaged 28.1% of median income, and the latest reading has risen from a recent low of 26.8% in the September 2020 quarter.

However, this metric has seen perhaps the most distinct divergence between houses and units of housing affordability indicators since the onset of the pandemic. Against a subdued performance in unit rental markets across Australia, but particularly in Melbourne and Sydney, the portion of income required to service unit rents was 27.1% at June 2021, down from 27.5% in March 2020. House rents now account for 30.5% of household income, up from 27.3% at March 2020.

PORTION OF HOUSEHOLD INCOME REQUIRED TO PAY RENT



Unit rents across Australia declined 0.1% between March 2020 and June 2021, compared to an 8.7% lift in house rents over the same period. The main explanation for this divergence is that much of the unit rental stock in Australia is located in its most international cities. In turn, these cities saw the biggest demand shock for rental housing amid the closure of international borders. For example, the SA4 sub market 'Melbourne – Inner', saw the highest level of overseas arrivals in Australia for the three years to June 2019. In March 2020, CoreLogic data suggests this sub market accounted for 13.0% of rental units in Australia. Between March 2020 and June 2021, rent values across the region declined 14.1%. This highlights how international border restrictions have created a drag on rents in highly urbanised areas that contain much of Australia's unit stock. Areas that do not have as much exposure to demand shocks from border restrictions, such as regional Australia, are more likely to contain a greater portion of rentals that are houses.

Other explanations account for higher demand for specifically detached house rentals through the pandemic, rather than just a fall in demand for unit stock. This could be the increased popularity for larger, detached housing among renters (particularly for those working remotely).

It is possible that amid restricted international travel and a surge in domestic tourism, rental houses in regional destinations have also been converted to second holiday homes or short-term rental housing.

Though COVID-19 created a 'two-speed' rental market between houses and units, it is worth noting unit rents at the national level bottomed out in December 2020, and had recovered to new record highs through to October 2021. House and unit rent values also continued to rise, and will likely see new leases formed with rental payments at a higher portion of household incomes through to the end of 2021.

Housing is generally considered to be 'unaffordable' when mortgage serviceability or rental costs are over 30% of gross household income. These higher housing costs are only thought to induce continuous housing stress if these costs are borne by those on the lowest 40% of incomes (also known as the 30/40 rule of assessing housing affordability[2]).

Low interest rates have helped to keep mortgage serviceability and rents relatively contained at the national, median level. However, as shown in the following sections of this report, serviceability costs have reached up to 49.1% for median dwelling values in Sydney, and Hobart rents as of a portion of income are sitting at 33.9%.

Australian governments and institutions have generally encouraged outright home ownership as a path to reduced housing costs by the time incomes fall in retirement. But with rates of home ownership in decline, and barriers such as time taken to save a 20% deposit increasing, it is important to consider the measures needed for those that may not achieve home ownership, such as through increasing the stock of affordable and social housing.

[2] Rowley, S. (2012). Housing affordability, housing stress and household wellbeing in Australia.

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COMBINED CAPITAL CITIES OVERVIEW

Dwelling values across Australian capital city markets have historically proved to be more expensive, and less affordable, than across regional Australia. Despite the fact that value changes have been slightly weaker across capital city markets than regional Australia in the year to June, affordability metrics still demonstrate higher housing costs and barriers to entry across the capital cities.

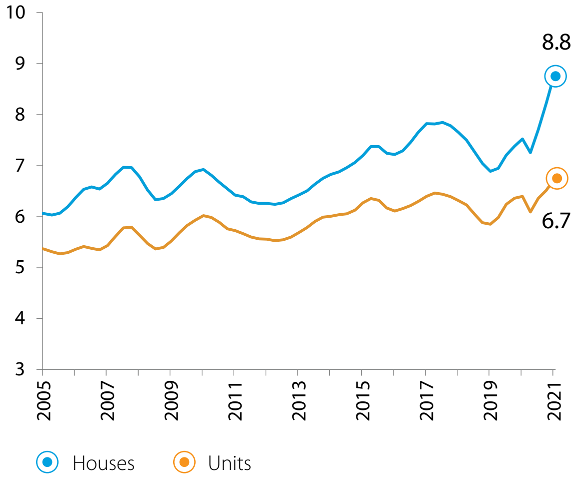
As of June 2021, the median dwelling value across the combined capital cities was $727,427; a 52.1% premium on the median dwelling value across regional Australia. As highlighted in the next section, the relative affordability of dwellings outside of the capital cities may have prompted more demand for regional Australian dwellings amid subdued income growth.

Dwelling value to household income ratio

In June 2021, the dwelling value to income ratio across the combined capital cities was recorded at 8.0, the highest reading on record. The ratio has trended consistently higher since the September 2020 quarter, as dwelling values saw a recovery trend emerge as Covid case numbers dropped in Victoria and confidence in the economic outlook lifted. Between September 2020 and June 2021, combined capital city dwelling values have risen 19.5%.

The rising ratio is consistent across both houses and units since September 2020, though it has risen faster across houses (by 1.5 points) than across units (0.6 points). This reflects faster capital growth across the house segment between September 2020 and June 2021 (22.7%) than units (10.4%). Thus just as units have been in less demand than houses through the current upswing, the rise in affordability metrics has been more subdued across units.

DWELLING VALUE TO HOUSEHOLD INCOME RATIO

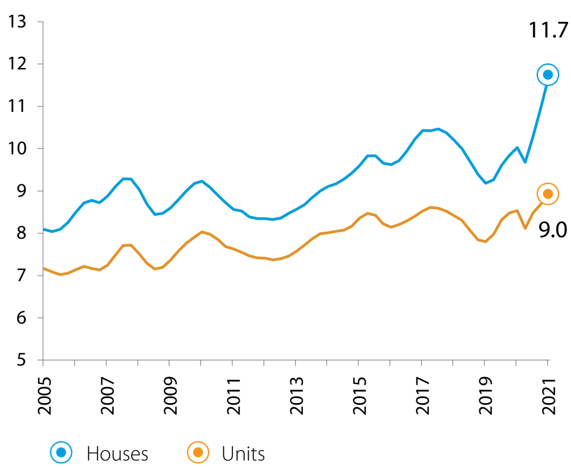


Years to save a 20% deposit

Saving up a 20% deposit based on a 15% savings rate would take 10.7 years for the median income household across the combined capital cities. This includes a savings period of 11.7 years across the house segment, and 9.0 years for the median value unit in the June quarter.

While it is unsurprising that it takes households less time to save a unit deposit across the capital cities, this metric also highlights the additional time savings units offer in the current climate, given much more rapid house price growth. It would currently take the median household 2.7 years less to save a unit deposit compared with a house deposit, the widest divergence in this metric on record.

YEARS TO SAVE A DEPOSIT



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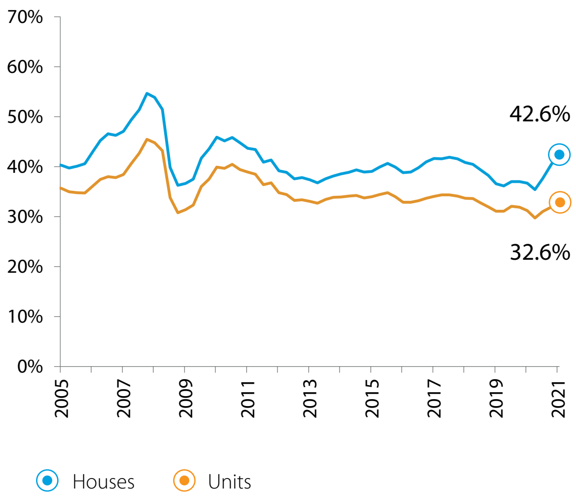
Portion of household income required to service a new mortgage

The portion of income required to service a mortgage across the combined capital cities was 38.9% for a median dwelling in the June 2021 quarter. This is above the decade average of 37.1%, but sits well below the record high of 51.6% in the March quarter of 2008. March 2008 marked a period where the cash rate target was set at 7.25%, which at that point was its highest level since July 1996.

For the median capital city house, the portion of income required to service a new mortgage in the June quarter was 42.6%, while for units it was 32.6%.

PORTION OF HOUSEHOLD INCOME REQUIRED TO SERVICE A NEW MORTGAGE

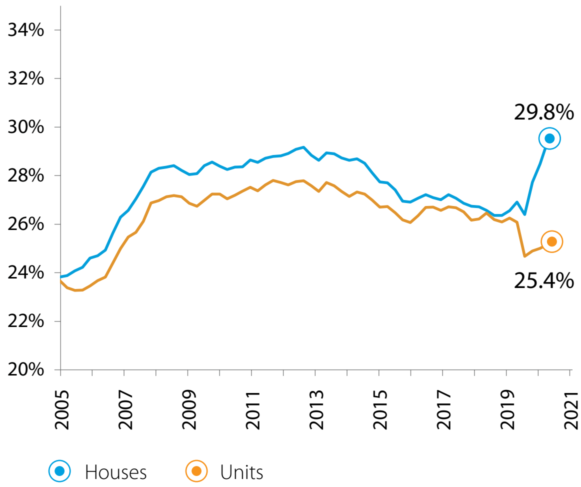


Portion of income required to pay rent

The portion of income required to service rent across the median capital city dwelling was 28.2% in the June 2021 quarter. This is 40 basis points above the decade average of 27.8%, but is below the record high of 29.1% in June 2013.

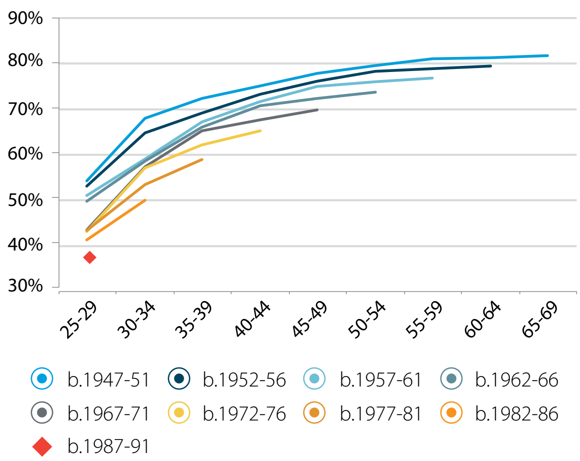
Given the relative weakness in capital city unit rents, there is currently a high divergence in rent serviceability between houses and units. 29.8% of median household income is required to pay rent on the median capital city house, which is 440 basis points higher than in the unit segment, where 25.4% of income is required to service rent.

PORTION OF HOUSEHOLD INCOME REQUIRED TO PAY RENT



From the end of June to October 2021, dwelling values across the combined capital cities rose a further 6.1%. This encompasses a 6.7% rise in house values, and an increase of 4.3% across units. Rents also rose a further 2.4% across capital city dwellings in this period. Given the disruption to the labour force from renewed COVID-19 restrictions in the second half of 2021, and the likely impact on incomes, affordability metrics across the capital cities are likely to have deteriorated over recent months

% OF COHORT WHO ARE HOMEOWNERS



WelfareHome ownership rates fellacross all age groupsover the past three decades.Whether you were born in the mid-to-late 50s and you're now heading into retirement, or are a potential first home buyer born in the late 1980s, the likelihood that you own your own home is lower than for those just 5-10 years olderand significantly lower than if you were born three decades earlier. But the declines have been the largest foryounger people in the typical first home buyer ages between 25 and 34 years. The 2016 census showed that 50% of 30-34 year olds owned their own home, down14pptfrom 64% in 1971. A similar drop was evident for 25-29 year olds, where home ownership dropped from 51%to 37%over the same period.

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COMBINED REGIONS OVERVIEW

The combined regional markets of Australia have seen particularly pressing affordability pressures since the onset of COVID-19. Between the March 2020 and June 2021 quarters, dwelling values across regional Australia have increased 18.1% against an uplift of 11.2% in combined capital city dwelling values. Regional rent values have seen a similarly strong rise of 11.5% against an increase of 4.2% in combined capital city rents over the same period.

There are several factors which may explain the relative outperformance of regional dwelling values and rents compared to the capital cities:

- **Migration trends**. ABS internal migration data suggest that in the year to March 2021, migration from capital cities to regional Australia increased 5.9%, and was 14.3% above the decade average of annual movement from cities to regions. At the same time, migration away from regional Australia fell 3.5% over the year, though remained about 3.5% above the longer term average. Lower levels of migration away from regional Australia since the onset of COVID-19, and more arrivals to regions, have contributed to very tight levels of stock against strong buyer demand.
- **Low levels of available stock.** While low listings volumes have been a persistent feature of the current housing market upswing, the issue is particularly exacerbated across regional Australia. Through the June quarter of 2021, CoreLogic listings data showed around 97,800 listings available for sale across regional Australia. This is 21.2% below the five year average. Meanwhile, advertised stock across the combined capital cities was 4.1% below the five year average through the same period.
- **A surge in domestic tourism.** While interstate border restrictions have created some volatility around holiday accommodation, a combination of closed international borders and easing domestic restrictions have contributed to a surge in domestic tourism at certain points in the past two years. This may incentivise more uptake of short term accommodation as a property investment strategy, such putting an investment property on Airbnb as opposed to the long term rental market. The number of rental listings available across regional Australia through the June 2021 quarter was 30.3% below the five year average, compared to 6.6% lower across the capital cities. With mortgage rates at record lows, some wealthier households in capital cities may have also purchased holiday homes in the regions through the pandemic.
- **Tree changes and sea changes.** One of the features of intrastate migration trends in the March 2021 quarter compared to March 2020 was an increase in those aged 65 and over making the move to regional Australia. It is possible that as restrictions eased through the end of 2020 and first quarter of 2021, retiree decisions around tree changes and sea changes were more concentrated in quarters where Australians were freer to migrate internally. There is also the possibility that disruptions to the labour force have brought forward some of these migration decisions. Interestingly, the pandemic has also opened up tree change and sea change decisions for younger professionals, who may have embraced remote work longer term.

One of the consequences of these growth drivers for regional Australian dwelling values is deteriorating affordability. This is particularly evident across the dwelling value to income ratio, the years required to save a 20% deposit, and the portion of income required to service rent, which are each sitting at record highs across regional Australia.

REGIONAL OVERVIEW

▲ 5.9 % — Migration from capital cities to regional Australia

▼ 21.2 % — Listings available for sale across regional Australia*

▼ 30.3% — Rental listings available across regional Australia*

* compared to the five year average

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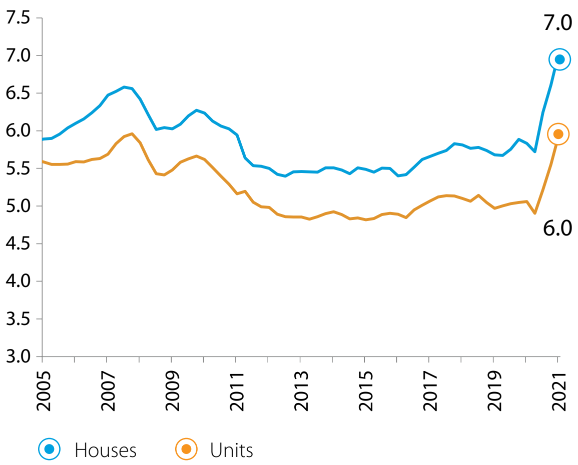
Dwelling value to household income ratio

Dwelling values relative to household income have increased significantly across both regional Australian houses and units over the past few quarters. As of June 2021, the median dwelling value across regional Australia was $474,212, reaching 6.8 times the estimated median household income. Across the house segment, the median dwelling value to income ratio went from a recent low of 5.7 in the September 2020 quarter, to a record high of 7.0 by June 2021. Across the unit segment, there was a similar trajectory from a low of 4.9 in the September 2020 quarter to 6.0 by June 2021. The median dwelling value to income ratio is at record highs for each dwelling type. With further increases in regional Australian dwelling values of 5.1% through the September 2021 quarter, this metric is expected to have risen further in recent months.

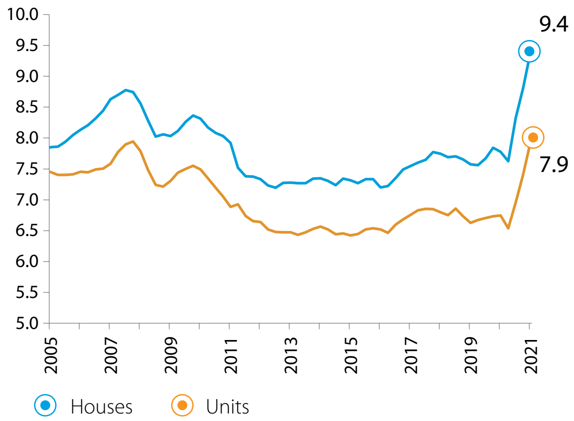
DWELLING VALUE TO HOUSEHOLD INCOME RATIO



Years to save a 20% deposit

As of the June 2021 quarter, the years taken to save a 20% deposit rose to a record high of 9.1 for the median dwelling value. This encompasses an estimate of 9.4 years to save 20% for the median house, and 7.9 years for the median unit. The challenge of saving a deposit for property across regional Australia is compounded by significant increases in rents across the regions.

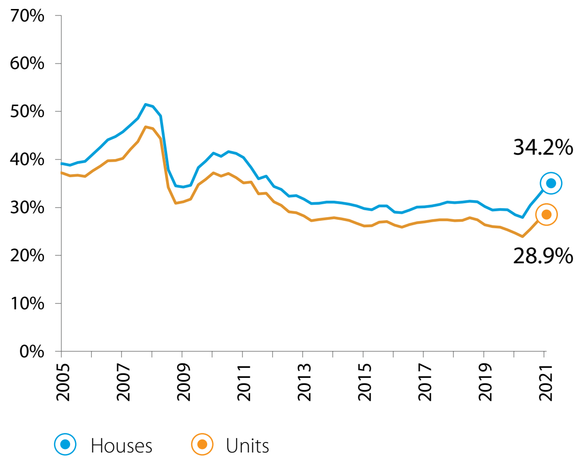
YEARS TO SAVE A DEPOSIT



Portion of household income required to service a new mortgage

The latest affordability metrics suggest it would take 33.0% of median household income to service a new mortgage on the typical dwelling across regional Australia. While this is above the decade average of 30.4%, it is well below the record high of 50.5%, which was in the March quarter of 2008. This reinforces that the greatest affordability constraint currently facing regional populations is saving for and obtaining a mortgage, with ongoing housing purchase costs remaining relatively low. Across the house segment, is would currently require 34.2% of household income to service mortgage repayments, while housing costs are even lower at 28.9% across units.

PORTION OF HOUSEHOLD INCOME REQUIRED TO SERVICE A NEW MORTGAGE



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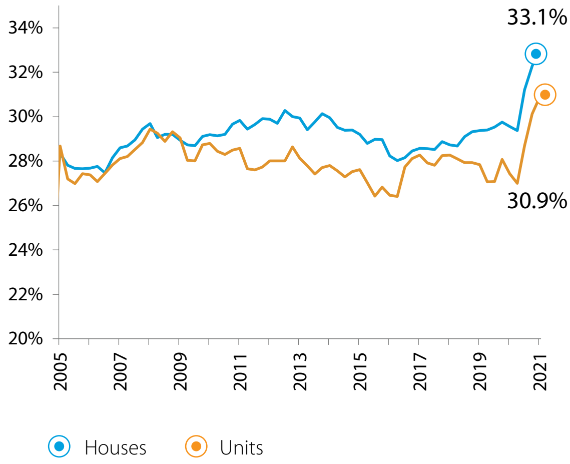
Portion of income required to pay rent

The portion of income required to service rent at the median level in regional Australia rose to a record high in the June 2021 quarter, of 32.7%. 33.1% of income was required to pay rent on the median house across regional Australia.

In the March 2021 quarter, the portion of income required to service unit rents rose above 30% for the first time on record. At 30.9% of income required to service rent on the median unit in regional Australia, this indicator is also now at a record high for the June 2021 quarter.

Across regional Australia, rent values have increased a further 2.2% in the September quarter. The only reprieve for renters in the current environment is that, as with the rate of growth in purchasing values, the rate of increase in rents is losing some momentum. Quarterly growth in dwelling rents across regional Australia peaked in the March quarter of 2021, when rents rose 4.1%. Thus the portion of income required to service rent will likely show a further increase through the September quarter, but the rate of increase in the metric will ease.

PORTION OF HOUSEHOLD INCOME REQUIRED TO PAY RENT



MAJOR REGION AFFORDABILITY SUMMARY

Affordability measures across the regions as at June 2021 (dwellings)				
Region	Value to income	Years to save a deposit	Portion of income to service a new mortgage	Proportion of income to pay rent
Sydney	10.1	13.5	49.1%	30.8%
Melbourne	8.5	11.3	41.2%	26.1%
Brisbane	6.6	8.8	32.0%	27.9%
Adelaide	6.9	9.3	33.7%	30.5%
Perth	6.0	8.0	29.0%	28.0%
Hobart	8.0	10.6	38.6%	33.9%
Darwin	4.8	6.4	23.4%	28.9%
ACT	6.6	8.8	32.0%	27.7%
Regional NSW	8.5	11.3	41.0%	35.7%
Regional Vic.	7.1	9.4	34.2%	29.9%
Regional Qld	6.2	8.2	29.8%	33.5%
Regional SA	4.5	6.0	21.9%	27.1%
Regional WA	4.7	6.3	23.0%	28.3%
Regional Tas.	6.8	9.1	33.0%	33.1%
Regional NT	5.4	7.1	25.9%	32.2%
Combined capital cities	8.0	10.7	38.9%	28.2%
Combined regional areas	6.8	9.1	33.0%	32.7%
Australia	7.7	10.2	37.2%	29.4%

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SYDNEY

In the June 2021 quarter, Sydney remained the least affordable housing market of the greater capital city and rest of state regions by every metric, with the exception of rental affordability. The portion of income required to service rent reached 30.8% in the June quarter, having risen from a recent low of 29.0% in the three months to September 2020. This was lower than in Hobart and a number of regional areas. Rental growth across Sydney dwellings has been more subdued than most capital cities and regions in the five years to June 2021, with cumulative growth of 2.7%, relative to an estimated 5.9% rise in median household incomes. However, between June and October 2021 Sydney rents rose a further 3.2%, which will show affordability further eroding among renters.

Among the least affordable markets of Sydney were Pittwater, Ku-ring-gai, Warringah and Manly. The unrealistic portions of median incomes required to service mortgages across these markets suggest that home ownership is either largely unattainable for median income earners, or that home owners on lower incomes in these regions may be more established owners without mortgage costs (ie, outright owners). It is also likely the rapid rise in property values across regions such as the Northern Beaches in the current upswing has shifted the demographic of the area to higher income earners.

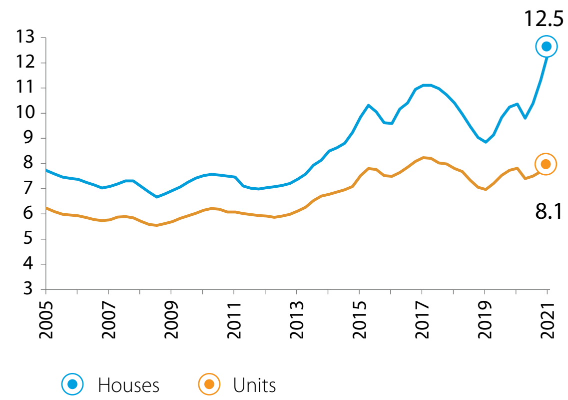
MEDIAN DWELLING VALUE

Jun-06	$424,230
Jun-11	$519,013
Jun-16	$781,608
Jun-21	$994,298

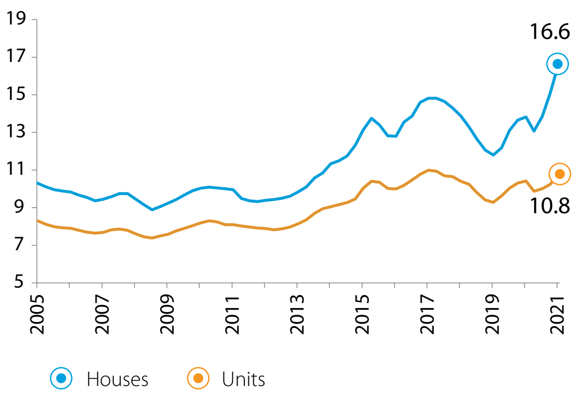
MEDIAN HOUSEHOLD INCOME

Jun-06	$1,222
Jun-11	$1,500
Jun-16	$1,784
Jun-21	$1,889

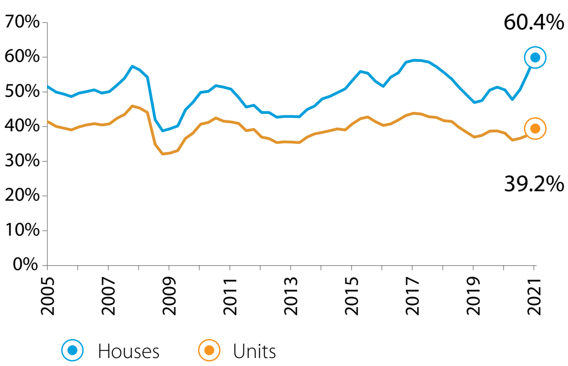
VALUE TO HOUSEHOLD INCOME RATIO



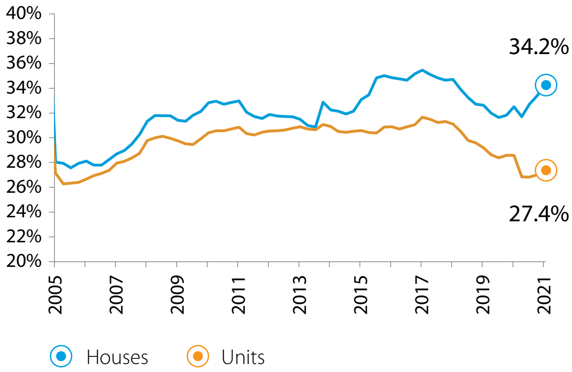
YEARS TO SAVE A DEPOSIT



PORTION OF HOUSEHOLD INCOME REQUIRED TO SERVICE A NEW MORTGAGE



PORTION OF HOUSEHOLD INCOME REQUIRED TO PAY RENT



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Affordability measures across SA3 regions as at June 2021 (dwellings)				
Region	Value to income	Years to save a deposit	Portion of income to service a new mortgage	Proportion of income to pay rent
Auburn	9.4	12.6	45.8%	31.7%
Bankstown	14.2	18.9	68.7%	37.9%
Baulkham Hills	14.6	19.5	70.8%	33.1%
Blacktown	9.3	12.4	45.0%	26.9%
Blacktown - North	8.3	11.1	40.3%	26.1%
Blue Mountains	9.5	12.7	46.1%	33.1%
Botany	9.2	12.3	44.6%	34.8%
Bringelly - Green Valley	8.6	11.5	41.9%	29.3%
Camden	8.1	10.9	39.5%	27.0%
Campbelltown (NSW)	8.8	11.8	42.9%	29.4%
Canada Bay	12.6	16.7	60.9%	32.2%
Canterbury	10.2	13.6	49.6%	32.7%
Carlingford	15.8	21.1	76.8%	31.7%
Chatswood - Lane Cove	11.2	14.9	54.1%	29.6%
Cronulla - Miranda - Caringbah	14.4	19.1	69.6%	35.7%
Dural - Wisemans Ferry	16.2	21.7	78.7%	34.6%
Eastern Suburbs - North	13.9	18.6	67.6%	32.6%
Eastern Suburbs - South	13.0	17.4	63.2%	33.7%
Fairfield	11.5	15.3	55.7%	34.5%
Gosford	12.4	16.5	59.9%	40.7%
Hawkesbury	9.7	13.0	47.2%	32.5%
Hornsby	11.8	15.7	57.0%	30.6%
Hurstville	13.1	17.4	63.4%	30.9%
Kogarah - Rockdale	9.5	12.6	46.0%	30.4%
Ku-ring-gai	19.0	25.3	92.1%	36.2%
Leichhardt	15.5	20.7	75.3%	33.9%
Liverpool	10.0	13.3	48.5%	30.8%
Manly	16.6	22.1	80.4%	39.8%
Marrickville - Sydenham - Petersham	13.8	18.4	66.7%	36.9%
Merrylands - Guildford	12.6	16.8	61.0%	34.8%
Mount Druitt	8.2	11.0	40.0%	27.2%
North Sydney - Mosman	11.4	15.2	55.2%	29.6%
Parramatta	6.9	9.2	33.4%	23.9%
Pennant Hills - Epping	15.7	20.9	76.0%	27.8%
Penrith	8.0	10.6	38.6%	26.3%
Pittwater	21.4	28.5	103.7%	51.4%
Richmond - Windsor	8.9	11.8	42.9%	30.3%
Rouse Hill - McGraths Hill	10.4	13.9	50.5%	28.0%
Ryde - Hunters Hill	11.4	15.2	55.4%	27.7%
St Marys	9.1	12.1	44.1%	27.5%
Strathfield - Burwood - Ashfield	8.5	11.3	41.3%	27.2%
Sutherland - Menai - Heathcote	11.5	15.3	55.8%	33.1%
Sydney Inner City	10.1	13.5	48.9%	32.2%
Warringah	17.0	22.6	82.3%	41.9%
Wollondilly	8.2	11.0	40.0%	27.5%
Wyong	10.3	13.7	49.7%	37.4%

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REGIONAL NSW

Affordability metrics point to regional NSW being the third most expensive housing market relative to incomes of the greater regions and capital cities, after Sydney and Melbourne. In the June 2021 quarter, the dwelling value to income ratio was 8.5, it would take an estimated 11.3 years to save a 20% deposit, and 41.0% of median income to service a new mortgage.

In regional NSW, the challenge for renters is particularly evident. In the June quarter, rent values rose 2.6% in regional NSW, and had increased 11.0% in the 12 months to June. Regional NSW had the highest portion of income required to pay rent of all the greater capital city and regional markets, at 35.7%. This is a record high, and well above the decade average of 31.8%. Rental pressures are estimated to be highest across the Richmond Valley – Coastal region, where housing trends amid COVID-19 had seen a surge in demand for lifestyle properties.

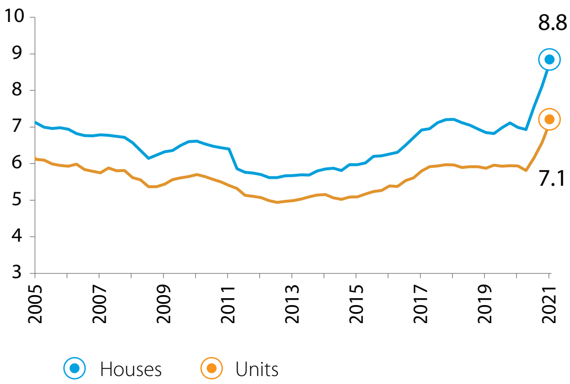
MEDIAN DWELLING VALUE

Jun-06	$292,359
Jun-11	$329,702
Jun-16	$383,570
Jun-21	$586,982

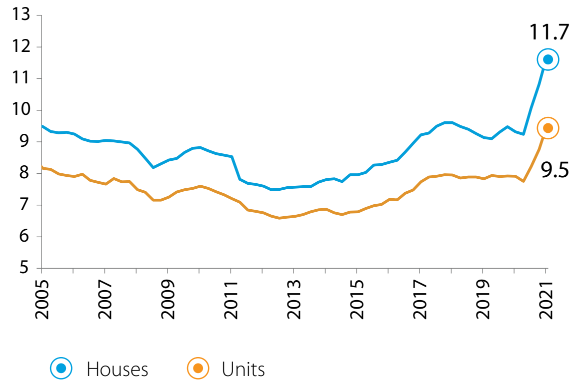
MEDIAN HOUSEHOLD INCOME

Jun-06	$832
Jun-11	$1,020
Jun-16	$1,210
Jun-21	$1,334

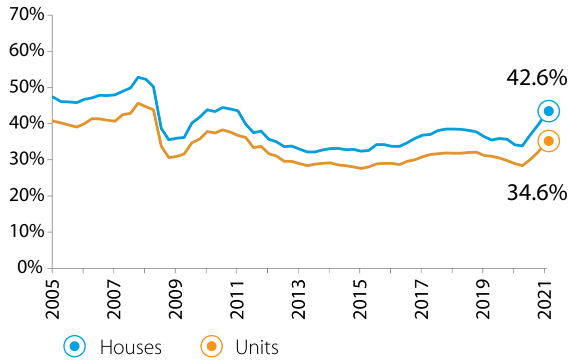
VALUE TO HOUSEHOLD INCOME RATIO



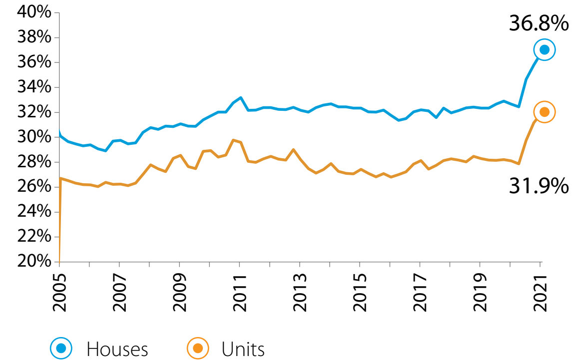
YEARS TO SAVE A DEPOSIT



PORTION OF HOUSEHOLD INCOME REQUIRED TO SERVICE A NEW MORTGAGE



PORTION OF HOUSEHOLD INCOME REQUIRED TO PAY RENT



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Affordability measures across SA3 regions as at June 2021 (dwellings)				
Region	Value to income	Years to save a deposit	Portion of income to service a new mortgage	Proportion of income to pay rent
Albury	5.5	7.3	26.6%	26.7%
Armidale	4.9	6.5	23.7%	27.9%
Bathurst	6.5	8.6	31.3%	30.1%
Bourke - Cobar - Coonamble	2.2	2.9	10.6%	24.5%
Broken Hill and Far West	2.2	3.0	10.8%	26.7%
Clarence Valley	9.0	12.0	43.7%	46.2%
Coffs Harbour	9.7	12.9	46.9%	44.5%
Dapto - Port Kembla	9.4	12.6	45.7%	38.1%
Dubbo	4.8	6.3	23.0%	28.7%
Goulburn - Mulwaree	7.0	9.3	33.8%	32.8%
Great Lakes	11.6	15.5	56.3%	48.0%
Griffith - Murrumbidgee (West)	5.0	6.7	24.3%	26.5%
Inverell - Tenterfield	4.6	6.1	22.1%	33.6%
Kempsey - Nambucca	8.8	11.7	42.6%	41.7%
Kiama - Shellharbour	10.0	13.3	48.2%	37.5%
Lachlan Valley	4.1	5.5	20.0%	27.2%
Lake Macquarie - East	9.7	12.9	47.0%	37.9%
Lake Macquarie - West	8.7	11.6	42.1%	35.5%
Lithgow - Mudgee	6.7	8.9	32.5%	33.7%
Lower Hunter	6.4	8.5	31.0%	32.0%
Lower Murray	3.5	4.7	16.9%	24.1%
Maitland	7.7	10.2	37.1%	32.8%
Moree - Narrabri	3.2	4.3	15.5%	24.9%
Newcastle	9.7	13.0	47.1%	36.1%
Orange	6.8	9.0	32.8%	31.9%
Port Macquarie	10.4	13.8	50.3%	42.9%
Port Stephens	9.5	12.7	46.1%	37.9%
Queanbeyan	6.2	8.2	30.0%	31.0%
Richmond Valley - Coastal	15.3	20.5	74.4%	55.5%
Richmond Valley - Hinterland	7.6	10.1	36.6%	39.1%
Shoalhaven	12.2	16.3	59.2%	45.3%
Snowy Mountains	5.9	7.8	28.4%	36.7%
South Coast	11.2	14.9	54.3%	49.2%
Southern Highlands	13.3	17.7	64.5%	45.8%
Tamworth - Gunnedah	4.6	6.1	22.3%	27.4%
Taree - Gloucester	8.6	11.5	41.8%	41.5%
Tumut - Tumbarumba	4.4	5.9	21.5%	29.3%
Tweed Valley	12.2	16.2	59.0%	52.6%
Upper Hunter	4.8	6.4	23.3%	29.3%
Upper Murray exc. Albury	4.8	6.4	23.2%	27.5%
Wagga Wagga	4.5	6.0	21.9%	27.2%
Wollongong	11.5	15.3	55.7%	37.1%
Young - Yass	5.4	7.2	26.0%	27.3%

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MELBOURNE

Melbourne dwellings have seen the lowest increase in dwelling values of the capital cities since the onset of COVID-19. Subdued market performance is in part due to extended lockdown conditions through 2020 and 2021, and has been compounded by a particular dwelling demand shock to the global city from closed international borders. But even the 'lowest' capital growth rate still amounts to an increase in Melbourne dwelling values of 5.3% between March 2020 and June 2021, with values rising a further 4.3% in the four months to October.

Melbourne remains the second-least affordable housing market of the greater capital city and rest of state regions, behind Sydney, according to the dwelling value to income ratio. However, due to a large fall in demand for rentals from overseas arrivals, particularly in the unit segment, Melbourne has the lowest portion of income required to service rents of the capital city and regional markets.

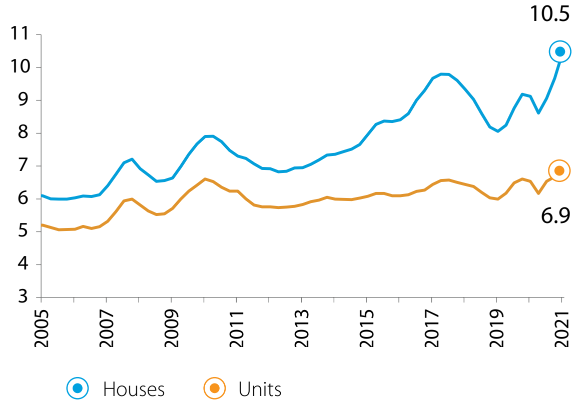
MEDIAN DWELLING VALUE

Jun-06	**$321,534**
Jun-11	**$480,412**
Jun-16	**$583,037**
Jun-21	**$753,100**

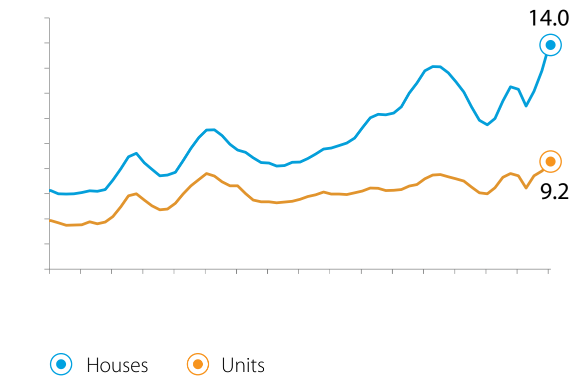
MEDIAN HOUSEHOLD INCOME

Jun-06	**$1,105**
Jun-11	**$1,362**
Jun-16	**$1,574**
Jun-21	**$1,706**

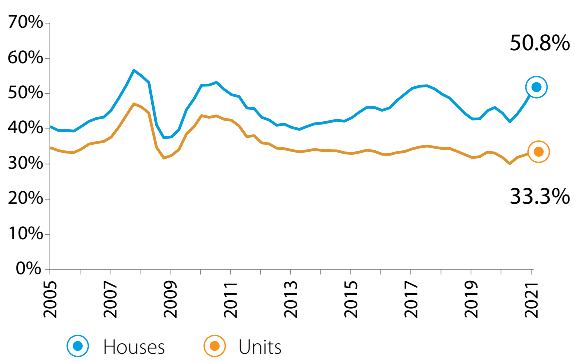
VALUE TO HOUSEHOLD INCOME RATIO



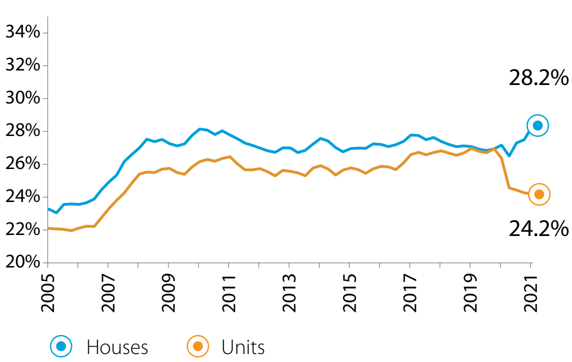
YEARS TO SAVE A DEPOSIT



PORTION OF HOUSEHOLD INCOME REQUIRED TO SERVICE A NEW MORTGAGE



PORTION OF HOUSEHOLD INCOME REQUIRED TO PAY RENT



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Affordability measures across SA3 regions as at June 2021 (dwellings)				
Region	Value to income	Years to save a deposit	Portion of income to service a new mortgage	Proportion of income to pay rent
Banyule	9.2	12.3	44.5%	26.2%
Bayside	13.8	18.4	66.8%	34.6%
Boroondara	12.9	17.3	62.8%	25.5%
Brimbank	9.0	12.0	43.6%	26.6%
Brunswick - Coburg	7.9	10.6	38.5%	26.5%
Cardinia	7.7	10.2	37.2%	25.7%
Casey - North	8.6	11.4	41.5%	26.3%
Casey - South	7.3	9.7	35.4%	24.3%
Dandenong	9.9	13.1	47.8%	29.1%
Darebin - North	9.4	12.6	45.6%	28.2%
Darebin - South	8.1	10.8	39.1%	27.4%
Essendon	7.6	10.2	37.0%	23.0%
Frankston	9.1	12.2	44.3%	30.2%
Glen Eira	9.5	12.7	46.2%	25.0%
Hobsons Bay	8.3	11.0	40.0%	24.3%
Keilor	10.1	13.5	48.9%	26.7%
Kingston	10.7	14.2	51.8%	30.4%
Knox	10.0	13.3	48.4%	28.2%
Macedon Ranges	8.7	11.6	42.3%	26.7%
Manningham - East	12.1	16.1	58.7%	27.3%
Manningham - West	15.6	20.8	75.5%	33.6%
Maribyrnong	7.9	10.5	38.2%	24.0%
Maroondah	9.7	12.9	47.0%	26.8%
Melbourne City	7.6	10.1	36.8%	30.4%
Melton - Bacchus Marsh	6.6	8.7	31.8%	23.8%
Monash	13.7	18.3	66.4%	31.2%
Moreland - North	9.2	12.3	44.8%	26.9%
Mornington Peninsula	12.2	16.3	59.3%	38.3%
Nillumbik - Kinglake	9.7	13.0	47.1%	24.9%
Port Phillip	6.9	9.2	33.5%	23.9%
Stonnington - East	10.2	13.6	49.6%	21.8%
Stonnington - West	6.6	8.8	32.0%	23.0%
Sunbury	7.4	9.9	36.1%	26.5%
Tullamarine - Broadmeadows	7.8	10.4	37.9%	26.3%
Whitehorse - East	12.9	17.1	62.3%	29.7%
Whitehorse - West	14.4	19.1	69.6%	30.8%
Whittlesea - Wallan	8.5	11.3	41.0%	26.6%
Wyndham	6.8	9.1	33.0%	22.7%
Yarra	7.3	9.8	35.6%	24.6%
Yarra Ranges	9.7	12.9	46.8%	28.8%

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REGIONAL VIC

Dwelling values across regional Victoria have seen a period of strong value appreciation through the year to June 2021, increasing 15.9%. Values rose a further 5.9% in the four months to October. A low interest environment, coupled with a surge in migration from Melbourne in response to COVID-19 restrictions, has meant good news for property owners across the regions.

However, this has seen a significant rise in the dwelling value to income ratio, which came off a low of 5.5 in the September quarter of 2020, to 7.1 in June 2021. For first home buyers, the years required to save a 20% deposit increased from 7.4 to 9.4 in the same period, while the portion of income required to service rents has also risen. Given continued strong growth in rents and values through to October, affordability pressures show no signs of easing for those in regional Victoria.

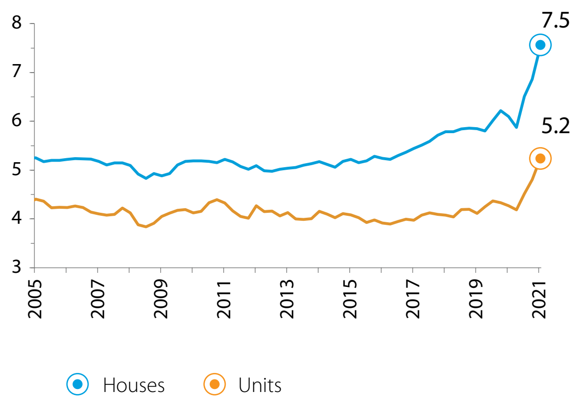
MEDIAN DWELLING VALUE

Jun-06	$216,452
Jun-11	$256,617
Jun-16	$293,466
Jun-21	$483,870

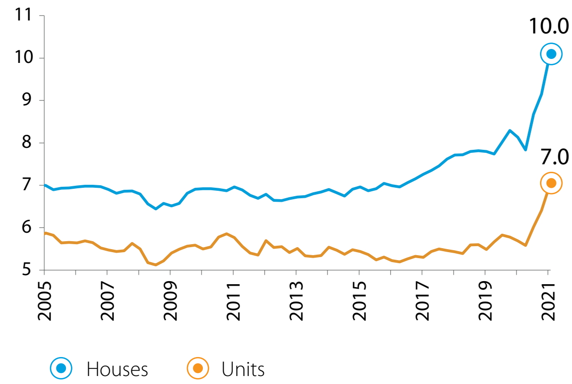
MEDIAN HOUSEHOLD INCOME

Jun-06	$834
Jun-11	$984
Jun-16	$1,153
Jun-21	$1,318

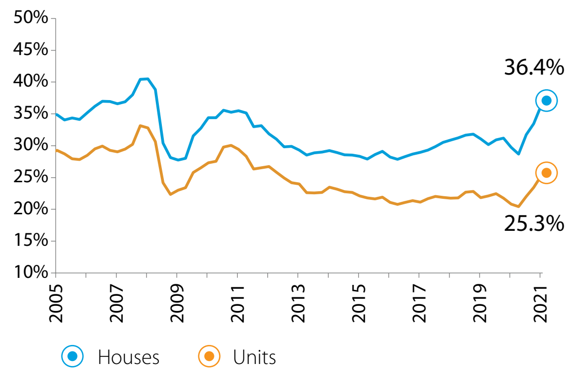
VALUE TO HOUSEHOLD INCOME RATIO



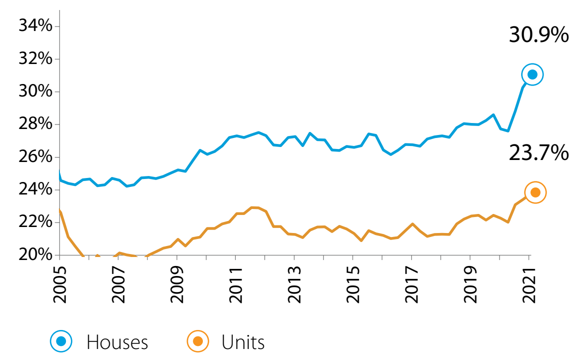
YEARS TO SAVE A DEPOSIT



PORTION OF HOUSEHOLD INCOME REQUIRED TO SERVICE A NEW MORTGAGE



PORTION OF HOUSEHOLD INCOME REQUIRED TO PAY RENT



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Affordability measures across SA3 regions as at June 2021 (dwellings)				
Region	Value to income	Years to save a deposit	Portion of income to service a new mortgage	Proportion of income to pay rent
Ballarat	7.2	9.6	35.0%	27.3%
Barwon - West	8.7	11.6	42.3%	30.0%
Baw Baw	8.1	10.8	39.2%	29.9%
Bendigo	6.7	8.9	32.3%	28.4%
Campaspe	5.5	7.3	26.6%	27.1%
Colac - Corangamite	6.8	9.1	33.2%	31.6%
Creswick - Daylesford - Ballan	10.5	14.0	50.8%	32.0%
Geelong	8.7	11.5	42.0%	30.8%
Gippsland - East	7.2	9.6	35.0%	34.4%
Gippsland - South West	11.3	15.1	55.0%	39.0%
Glenelg - Southern Grampians	5.1	6.8	24.7%	29.0%
Grampians	4.3	5.7	20.7%	26.7%
Heathcote - Castlemaine - Kyneton	9.6	12.8	46.5%	31.5%
Latrobe Valley	4.9	6.6	23.8%	27.9%
Loddon - Elmore	4.3	5.7	20.7%	31.5%
Maryborough - Pyrenees	6.2	8.2	30.0%	32.7%
Mildura	5.2	6.9	25.1%	29.0%
Moira	5.9	7.8	28.4%	29.3%
Murray River - Swan Hill	4.2	5.7	20.6%	26.0%
Shepparton	4.9	6.5	23.5%	27.0%
Surf Coast - Bellarine Peninsula	11.3	15.1	55.0%	32.7%
Upper Goulburn Valley	7.6	10.2	36.9%	30.1%
Wangaratta - Benalla	6.0	8.0	29.0%	32.8%
Warrnambool	7.1	9.5	34.6%	30.4%
Wellington	5.1	6.7	24.5%	28.8%
Wodonga - Alpine	6.1	8.2	29.6%	29.3%

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BRISBANE

Comparing median incomes against the median dwelling value suggests Brisbane is one of the most affordable capital city house markets, behind Darwin and Perth. The median dwelling value to income ratio was 6.6 in the June 2021 quarter, and mortgage serviceability was a relatively manageable 32.0%.

It is worth noting however, that Brisbane shows persistent discrepancy between house and unit metrics. The past decade has seen unit values across Brisbane increase by just 0.6% per annum, while incomes have increased 1.8% per annum. Houses meanwhile have seen annualised growth of 4.4% per annum in the past decade, suggesting that buyers have significantly more purchasing power in the unit segment.

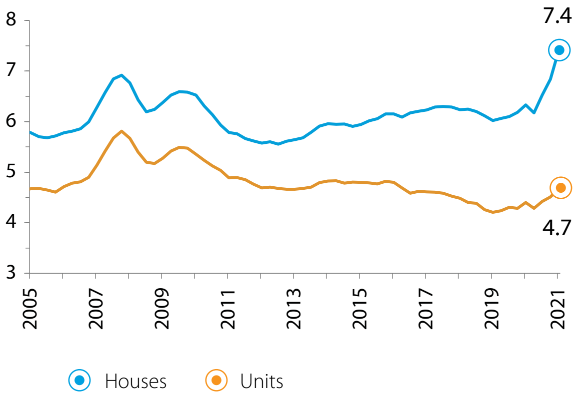
MEDIAN DWELLING VALUE

Jun-06	$323,944
Jun-11	$412,447
Jun-16	$484,332
Jun-21	$586,142

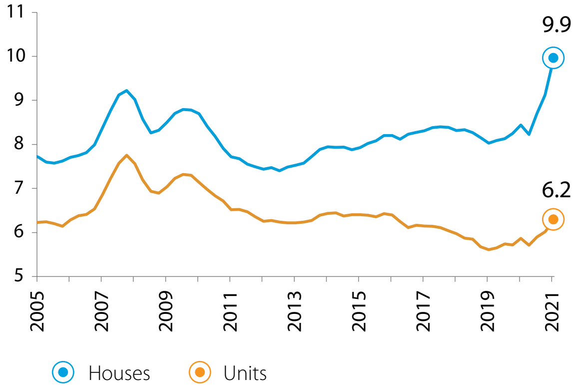
MEDIAN HOUSEHOLD INCOME

Jun-06	$1,123
Jun-11	$1,431
Jun-16	$1,620
Jun-21	$1,707

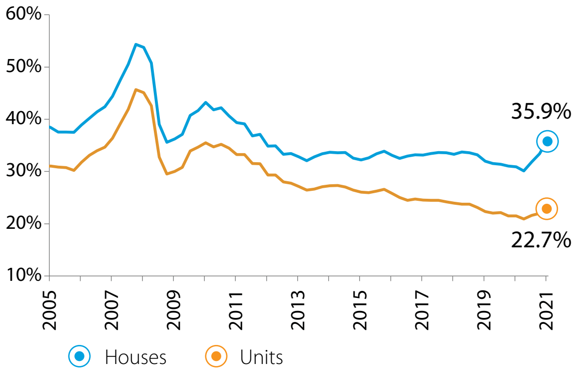
VALUE TO HOUSEHOLD INCOME RATIO



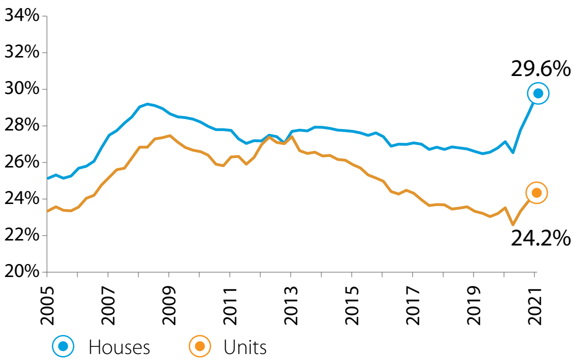
YEARS TO SAVE A DEPOSIT



PORTION OF HOUSEHOLD INCOME REQUIRED TO SERVICE A NEW MORTGAGE



PORTION OF HOUSEHOLD INCOME REQUIRED TO PAY RENT



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Affordability measures across SA3 regions as at June 2021 (dwellings)				
Region	Value to income	Years to save a deposit	Portion of income to service a new mortgage	Proportion of income to pay rent
Bald Hills - Everton Park	7.2	9.6	34.8%	31.0%
Beaudesert	6.4	8.5	31.1%	34.0%
Beenleigh	5.7	7.6	27.5%	30.0%
Bribie - Beachmere	10.4	13.9	50.7%	45.2%
Brisbane Inner	6.1	8.1	29.4%	29.8%
Brisbane Inner - East	8.0	10.7	38.9%	25.5%
Brisbane Inner - North	6.9	9.2	33.4%	27.2%
Brisbane Inner - West	9.2	12.2	44.4%	27.0%
Browns Plains	5.3	7.1	25.7%	27.2%
Caboolture	6.0	7.9	28.9%	28.0%
Caboolture Hinterland	6.8	9.1	33.1%	34.3%
Capalaba	7.2	9.6	34.9%	32.4%
Carindale	8.5	11.3	41.2%	30.0%
Centenary	7.1	9.5	34.4%	28.5%
Chermside	8.0	10.7	38.8%	29.6%
Cleveland - Stradbroke	7.9	10.5	38.2%	35.1%
Forest Lake - Oxley	6.0	8.0	29.0%	28.7%
Holland Park - Yeronga	8.2	11.0	39.9%	25.6%
Ipswich Hinterland	5.6	7.5	27.2%	28.0%
Ipswich Inner	4.8	6.4	23.1%	24.9%
Jimboomba	6.0	8.0	28.9%	25.7%
Kenmore - Brookfield - Moggill	7.7	10.3	37.5%	29.5%
Loganlea - Carbrook	5.5	7.4	26.7%	27.4%
Mt Gravatt	8.8	11.7	42.7%	31.9%
Narangba - Burpengary	6.5	8.6	31.4%	28.2%
Nathan	8.1	10.7	39.1%	27.1%
North Lakes	6.2	8.3	30.1%	28.2%
Nundah	6.6	8.8	31.9%	26.7%
Redcliffe	8.6	11.5	41.7%	37.2%
Rocklea - Acacia Ridge	7.0	9.3	34.0%	29.2%
Sandgate	7.4	9.9	36.1%	30.9%
Sherwood - Indooroopilly	7.5	10.0	36.4%	29.5%
Springfield - Redbank	4.7	6.2	22.6%	23.9%
Springwood - Kingston	5.3	7.1	25.8%	28.6%
Strathpine	6.4	8.6	31.2%	30.1%
Sunnybank	8.6	11.4	41.5%	32.2%
The Gap - Enoggera	7.7	10.3	37.6%	28.1%
The Hills District	6.6	8.8	32.2%	26.3%
Wynnum - Manly	7.7	10.3	37.4%	30.9%

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REGIONAL QLD

At a high geographic level, regional QLD is on the more affordable end of the housing cost spectrum. The June 2021 quarter saw the dwelling value to income ratio at 6.2, while it is estimated the median household would require 8.2 years to save a 20% deposit at a savings rate of 15%.

However, 'Regional Queensland' is a broad and diverse market. Since COVID-19, a surge in demand across lifestyle markets has seen rapid growth in values across markets like the Gold Coast and Sunshine Coast, where dwelling values rose 20.0% and 22.2% in the year to June respectively. While more affordable purchasing opportunities remain in pockets of regional Queensland, affordability pressures have shown little signs of easing in the coastal, lifestyle markets of the state.

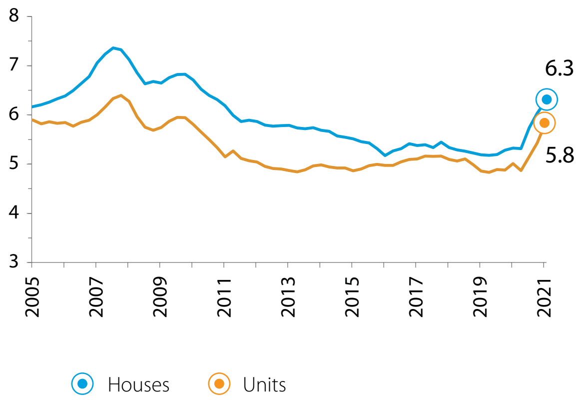
MEDIAN DWELLING VALUE

Jun-06	$314,577
Jun-11	$360,033
Jun-16	$350,532
Jun-21	$450,017

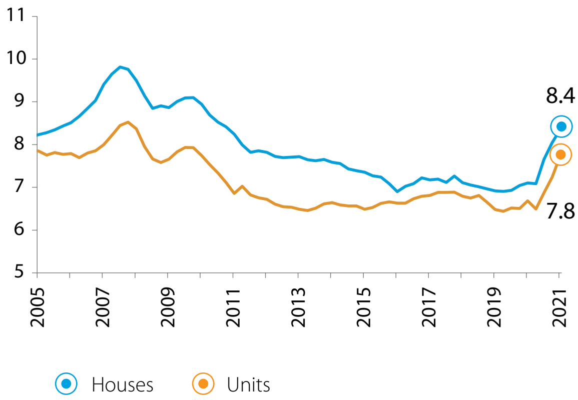
MEDIAN HOUSEHOLD INCOME

Jun-06	$969
Jun-11	$1,173
Jun-16	$1,319
Jun-21	$1,407

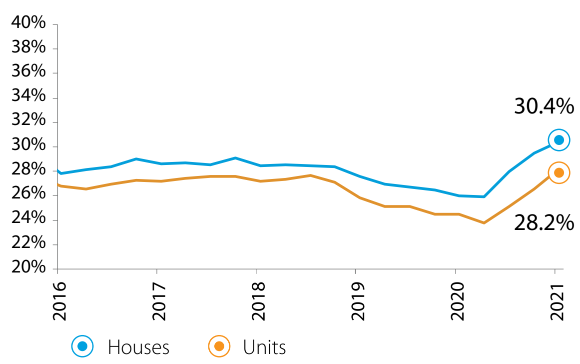
VALUE TO HOUSEHOLD INCOME RATIO



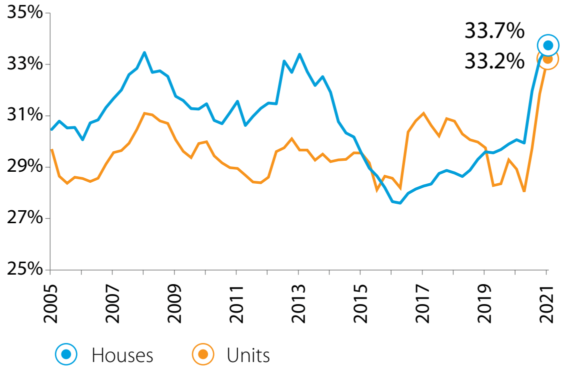
YEARS TO SAVE A DEPOSIT



PORTION OF HOUSEHOLD INCOME REQUIRED TO SERVICE A NEW MORTGAGE



PORTION OF HOUSEHOLD INCOME REQUIRED TO PAY RENT



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Affordability measures across SA3 regions as at June 2021 (dwellings)				
Region	Value to income	Years to save a deposit	Portion of income to service a new mortgage	Proportion of income to pay rent
Biloela	2.1	2.8	10.2%	18.6%
Bowen Basin - North	3.0	4.1	14.8%	23.7%
Broadbeach - Burleigh	11.2	15.0	54.4%	41.5%
Buderim	9.7	13.0	47.1%	44.0%
Bundaberg	5.6	7.5	27.2%	33.4%
Burnett	4.0	5.3	19.2%	29.6%
Cairns - North	5.9	7.9	28.7%	31.9%
Cairns - South	5.2	7.0	25.3%	32.3%
Caloundra	10.4	13.8	50.3%	41.8%
Central Highlands (Qld)	3.2	4.3	15.6%	24.6%
Charters Towers - Ayr - Ingham	3.2	4.3	15.5%	24.9%
Coolangatta	12.4	16.5	60.1%	46.9%
Darling Downs - East	3.6	4.8	17.6%	23.8%
Darling Downs (West) - Maranoa	2.9	3.9	14.2%	23.0%
Far North	4.3	5.8	21.0%	29.0%
Gladstone	4.5	6.0	21.7%	25.3%
Gold Coast - North	8.6	11.5	41.8%	41.3%
Gold Coast Hinterland	8.6	11.5	41.9%	40.5%
Granite Belt	4.7	6.2	22.6%	28.1%
Gympie - Cooloola	7.7	10.3	37.5%	36.8%
Hervey Bay	8.1	10.8	39.3%	41.2%
Innisfail - Cassowary Coast	4.1	5.5	19.9%	28.4%
Mackay	5.4	7.2	26.2%	33.4%
Maroochy	10.8	14.3	52.2%	44.6%
Maryborough	6.0	8.0	28.9%	36.5%
Mudgeeraba - Tallebudgera	9.6	12.8	46.6%	37.4%
Nambour	9.1	12.1	44.1%	40.6%
Nerang	8.1	10.7	39.1%	38.4%
Noosa	14.2	18.9	68.7%	54.1%
Noosa Hinterland	12.7	16.9	61.5%	50.5%
Ormeau - Oxenford	6.7	8.9	32.3%	31.7%
Outback - North	2.6	3.5	12.7%	23.9%
Outback - South	2.1	2.8	10.0%	22.3%
Port Douglas - Daintree	4.9	6.5	23.5%	29.8%
Robina	8.7	11.6	42.1%	43.8%
Rockhampton	4.8	6.4	23.2%	32.1%
Southport	8.3	11.1	40.5%	41.4%
Sunshine Coast Hinterland	9.9	13.2	47.9%	40.5%
Surfers Paradise	7.7	10.2	37.1%	41.7%
Tablelands (East) - Kuranda	6.1	8.2	29.8%	36.3%
Toowoomba	5.1	6.8	24.8%	26.0%
Townsville	4.3	5.8	20.9%	27.5%
Whitsunday	6.2	8.3	30.2%	37.7%

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ADELAIDE

The Adelaide dwelling market has long been a steady growth market. In the decade prior to the onset of COVID-19 in Australia, growth in dwelling values was 2.2% per annum across Adelaide, against annualised income growth of 2.7%.

However, dynamics across this market have changed markedly since March 2020. Between March 2020 and June 2021, incomes across Adelaide are estimated to have risen 0.9%, while dwelling values increased 12.8%. This has seen a surge in the dwelling value to income ratio, as well as the number of years required to save a 20% deposit.

The portion of income required to service the mortgage on a median Adelaide dwelling has been pushed 1 basis point above the decade average through the June 2021 quarter, to 33.7%, while the portion of income required to service rents is currently at record highs.

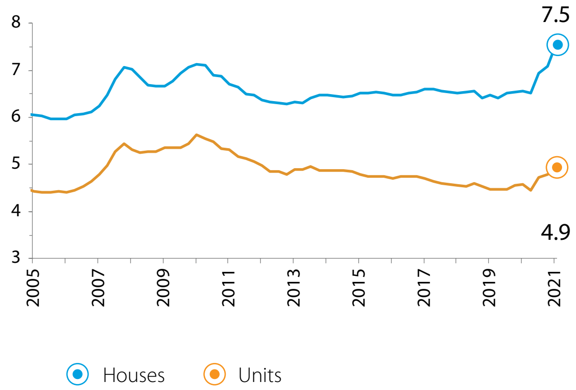
MEDIAN DWELLING VALUE

Jun-06	$271,131
Jun-11	$372,804
Jun-16	$406,796
Jun-21	$508,712

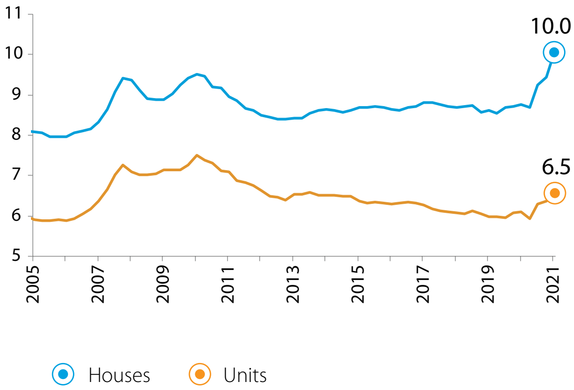
MEDIAN HOUSEHOLD INCOME

Jun-06	$926
Jun-11	$1,128
Jun-16	$1,295
Jun-21	$1,408

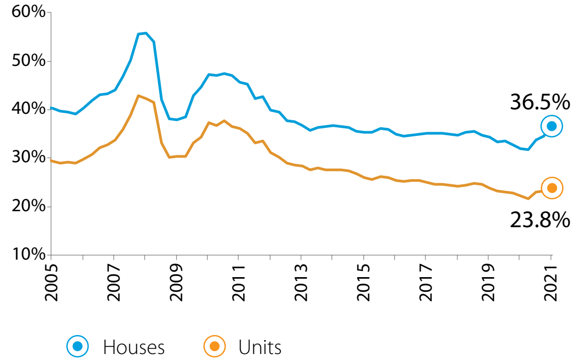
VALUE TO HOUSEHOLD INCOME RATIO



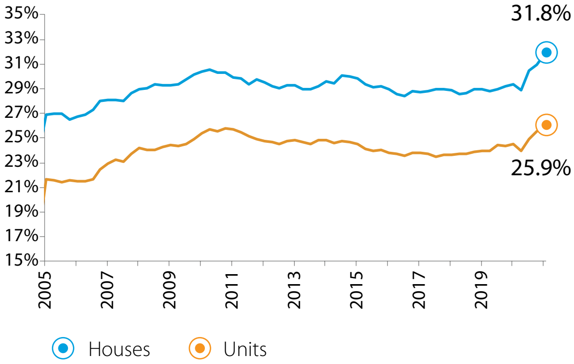
YEARS TO SAVE A DEPOSIT



PORTION OF HOUSEHOLD INCOME REQUIRED TO SERVICE A NEW MORTGAGE



PORTION OF HOUSEHOLD INCOME REQUIRED TO PAY RENT



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Affordability measures across SA3 regions as at June 2021 (dwellings)				
Region	Value to income	Years to save a deposit	Portion of income to service a new mortgage	Proportion of income to pay rent
Adelaide City	6.9	9.2	33.3%	34.2%
Adelaide Hills	6.8	9.0	32.9%	29.8%
Burnside	11.7	15.6	56.7%	32.1%
Campbelltown (SA)	8.6	11.4	41.5%	34.5%
Charles Sturt	8.3	11.0	40.1%	33.4%
Gawler - Two Wells	5.6	7.5	27.2%	28.0%
Holdfast Bay	8.0	10.7	38.9%	31.9%
Marion	7.8	10.5	38.0%	33.2%
Mitcham	8.3	11.1	40.2%	31.2%
Norwood - Payneham - St Peters	10.2	13.6	49.6%	35.6%
Onkaparinga	6.7	8.9	32.3%	32.0%
Playford	4.6	6.1	22.2%	27.6%
Port Adelaide - East	7.3	9.8	35.6%	32.1%
Port Adelaide - West	7.9	10.6	38.5%	34.4%
Prospect - Walkerville	9.2	12.3	44.7%	28.9%
Salisbury	5.7	7.7	27.9%	30.5%
Tea Tree Gully	6.4	8.6	31.2%	29.2%
Unley	11.1	14.8	54.0%	32.5%
West Torrens	9.1	12.1	43.9%	33.7%

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REGIONAL SA

Regional South Australia remains more affordable relative to other capital city and rest of state regions, although affordability has generally deteriorated since the September 2020 quarter. Mortgage serviceability remains below the decade average of 24.4%, reaching 21.9% in the latest period of measurement, while value to incomes, time taken to save a deposit and portion of income for rental payments are slightly elevated on the decade average.

Measures of housing affordability have remained steadier across the unit segment, where values have increased 6.3% since the onset of COVID-19 through to the June quarter, compared with a 13.9% lift in combined regional South Australian unit values in the same period.

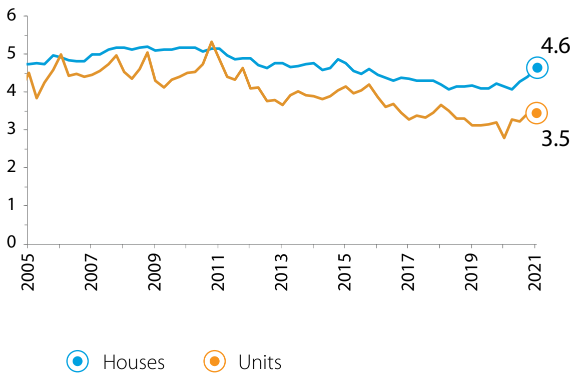
MEDIAN DWELLING VALUE

Jun-06	$197,424
Jun-11	$240,870
Jun-16	$238,479
Jun-21	$273,150

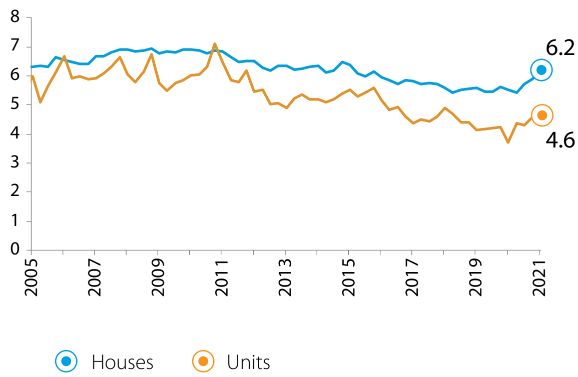
MEDIAN HOUSEHOLD INCOME

Jun-06	$771
Jun-11	$908
Jun-16	$1,045
Jun-21	$1,164

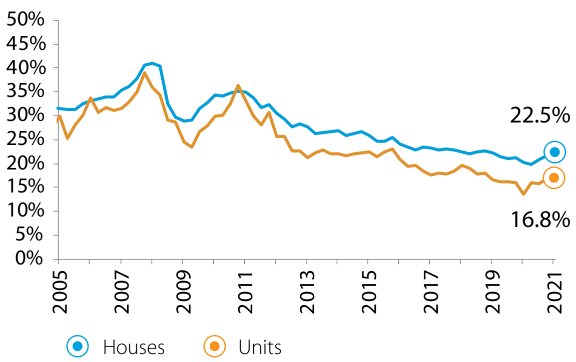
VALUE TO HOUSEHOLD INCOME RATIO



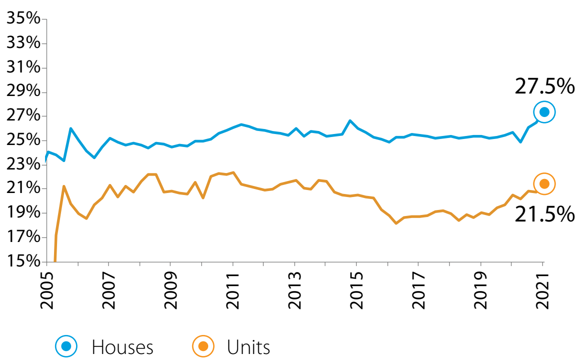
YEARS TO SAVE A DEPOSIT



PORTION OF HOUSEHOLD INCOME REQUIRED TO SERVICE A NEW MORTGAGE



PORTION OF HOUSEHOLD INCOME REQUIRED TO PAY RENT



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Affordability measures across SA3 regions as at June 2021 (dwellings)				
Region	Value to income	Years to save a deposit	Portion of income to service a new mortgage	Proportion of income to pay rent
Barossa	5.6	7.4	27.0%	25.9%
Eyre Peninsula and South West	3.6	4.8	17.5%	24.5%
Fleurieu - Kangaroo Island	8.5	11.3	41.1%	39.7%
Limestone Coast	4.1	5.4	19.7%	26.0%
Lower North	4.2	5.6	20.4%	25.4%
Mid North	3.1	4.1	14.9%	22.7%
Murray and Mallee	4.2	5.6	20.4%	26.7%
Outback - North and East	2.3	3.0	11.0%	23.0%
Yorke Peninsula	5.4	7.2	26.0%	30.0%

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PERTH

The Perth dwelling market has seen a fairly consistent uplift in values since mid-2020. Between June 2020 and June 2021, dwelling values across Perth lifted 18.8%, and rent values rose 16.9%. There are several factors contributing to the uplift in values across Perth, including a recovery in mining expenditure and employment across Western Australia, more positive trends in interstate migration, and the broader demand factors which have contributed to the national upswing, such as low interest rates.

As of June 2021, dwelling values had shown such a strong recovery that they were just 3.7% below the record high in June 2014. While the recovery in Perth dwelling values has been long-awaited for home owners, it is now resurfacing issues of affordability for first home buyers. ABS housing finance data shows first home buyer loans across WA declined 34.6% between January and August of this year. Affordability metrics of dwelling value to income, years to save a deposit and the portion of income required to pay rent all tipped over the decade averages in March 2021. Through to October, housing value growth has seen a slowdown in momentum, which may provide some reprieve for first home buyers.

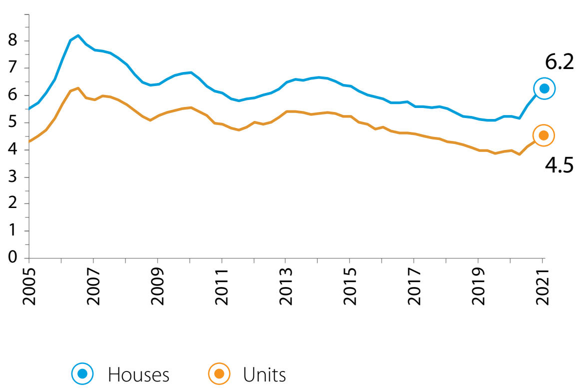
MEDIAN DWELLING VALUE

Jun-06	$409,395
Jun-11	$461,298
Jun-16	$488,981
Jun-21	$523,673

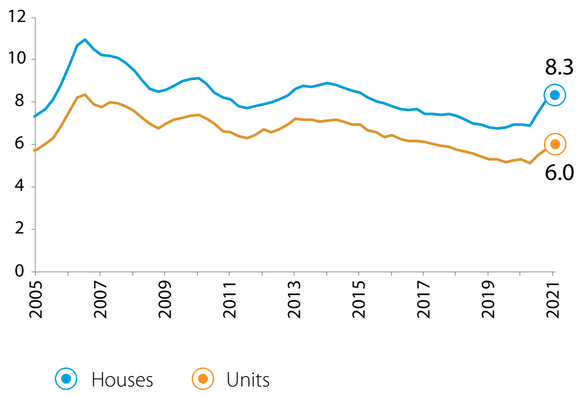
MEDIAN HOUSEHOLD INCOME

Jun-06	$1,112
Jun-11	$1,507
Jun-16	$1,691
Jun-21	$1,685

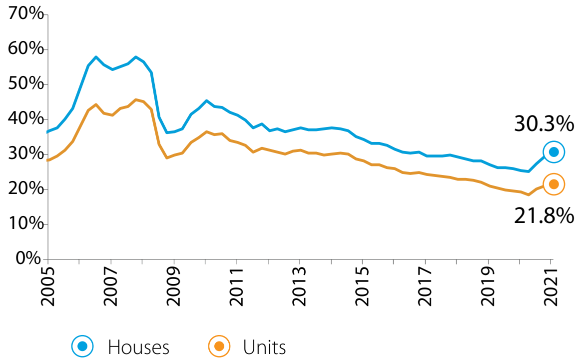
VALUE TO HOUSEHOLD INCOME RATIO



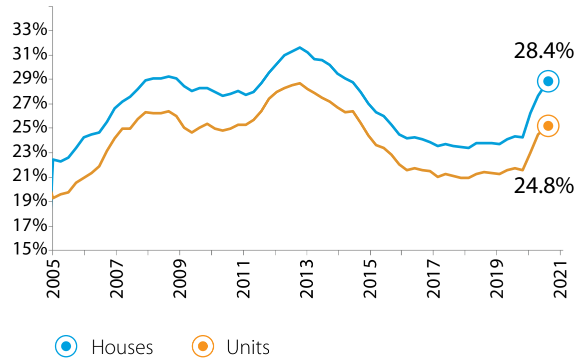
YEARS TO SAVE A DEPOSIT



PORTION OF HOUSEHOLD INCOME REQUIRED TO SERVICE A NEW MORTGAGE



PORTION OF HOUSEHOLD INCOME REQUIRED TO PAY RENT



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Affordability measures across SA3 regions as at June 2021 (dwellings)				
Region	Value to income	Years to save a deposit	Portion of income to service a new mortgage	Proportion of income to pay rent
Armadale	5.0	6.7	24.3%	27.3%
Bayswater - Bassendean	7.0	9.3	33.7%	29.2%
Belmont - Victoria Park	6.7	8.9	32.4%	30.0%
Canning	7.2	9.6	34.9%	30.9%
Cockburn	6.1	8.2	29.7%	28.5%
Cottesloe - Claremont	13.6	18.1	65.8%	38.5%
Fremantle	9.0	12.0	43.7%	36.2%
Gosnells	5.2	6.9	25.2%	27.9%
Joondalup	6.6	8.7	31.8%	29.5%
Kalamunda	6.3	8.4	30.5%	29.3%
Kwinana	4.4	5.9	21.4%	26.8%
Mandurah	6.9	9.1	33.2%	35.0%
Melville	8.9	11.8	43.1%	30.7%
Mundaring	6.3	8.3	30.3%	28.6%
Perth City	6.4	8.6	31.1%	28.9%
Rockingham	5.3	7.0	25.5%	28.4%
Serpentine - Jarrahdale	4.8	6.4	23.3%	24.6%
South Perth	8.6	11.5	41.9%	31.3%
Stirling	7.0	9.4	34.1%	29.6%
Swan	5.4	7.2	26.1%	27.7%
Wanneroo	5.4	7.1	25.9%	27.2%

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REGIONAL WA

Regional Western Australia was the second-most affordable housing market of the greater capital city and regional areas of Australia by the value to income ratio, years taken to save a deposit, and portion of income required to service a new mortgage. These metrics were second to regional SA, where dwelling value growth has been relatively stable compared to national growth figures.

Despite regional WA being one of Australia's more affordable markets, it is worth noting some pockets where housing costs have become constrained amid the current upswing. For example, the portion of income required to service rent across the median dwelling in the Kimberley region rose to 38.4% in June 2021, up from a recent low of 30.5% in the September 2020 quarter. Real estate professionals have noted increased mining activity, combined with state and territory border restrictions have created additional pressure on regional WA rents, as the resources workforce transitioned in some locations from 'FIFO' to localised workforces.

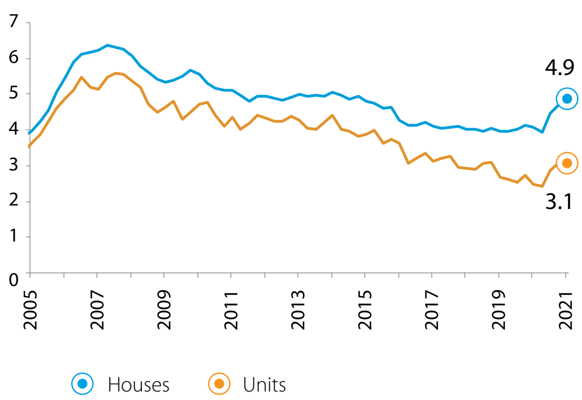
MEDIAN DWELLING VALUE

Jun-06	$298,374
Jun-11	$353,677
Jun-16	$317,917
Jun-21	$361,011

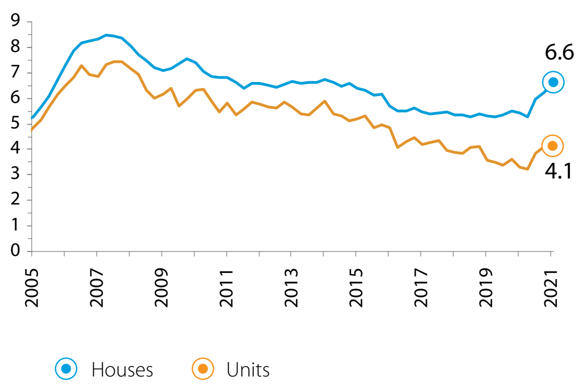
MEDIAN HOUSEHOLD INCOME

Jun-06	$1,062
Jun-11	$1,345
Jun-16	$1,465
Jun-21	$1,465

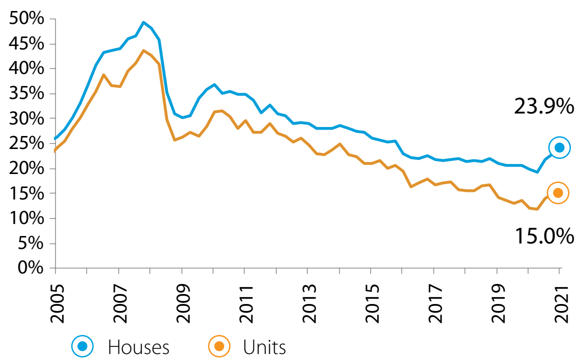
VALUE TO HOUSEHOLD INCOME RATIO



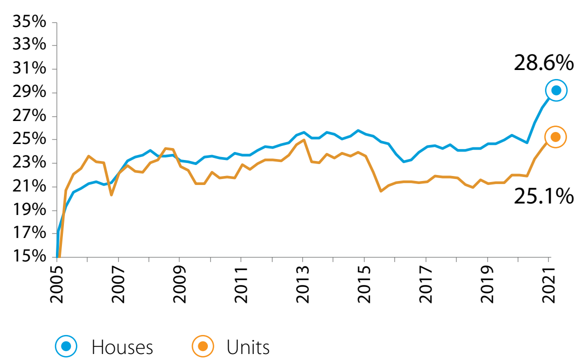
YEARS TO SAVE A DEPOSIT



PORTION OF HOUSEHOLD INCOME REQUIRED TO SERVICE A NEW MORTGAGE



PORTION OF HOUSEHOLD INCOME REQUIRED TO PAY RENT



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Affordability measures across SA3 regions as at June 2021 (dwellings)				
Region	Value to income	Years to save a deposit	Portion of income to service a new mortgage	Proportion of income to pay rent
Albany	5.7	7.6	27.7%	30.7%
Augusta - Margaret River - Busselton	7.6	10.1	36.7%	36.7%
Bunbury	5.4	7.2	26.2%	30.2%
East Pilbara	3.5	4.6	16.8%	32.1%
Esperance	4.8	6.4	23.3%	27.7%
Gascoyne	4.6	6.1	22.3%	33.2%
Goldfields	2.7	3.6	12.9%	23.3%
Kimberley	4.4	5.9	21.5%	38.4%
Manjimup	4.9	6.6	23.9%	31.0%
Mid West	3.9	5.2	19.0%	25.7%
West Pilbara	4.3	5.7	20.7%	36.9%
Wheat Belt - North	3.9	5.2	18.9%	27.3%
Wheat Belt - South	2.3	3.1	11.3%	23.8%

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HOBART

The Hobart dwelling market has been a standout performer in terms of capital growth for property owners. In the five years to June 2021, annualised capital growth rates of Hobart dwelling values have been the highest of any capital city, at 10.4%. Annualised growth in dwelling rent values were 6.4% in the same period. While this is great news for recent property buyers, Hobart locals who have yet to enter the market will now face much greater challenges achieving home ownership across the city.

This is particularly exacerbated by the rise in rent values. Through the June 2021 quarter, Hobart was the second-least affordable market of the capital city and rest of state regions for portion of income required to pay rent (behind regional NSW). Through the June quarter, 33.9% of household income would be required to service rent on the median dwelling.

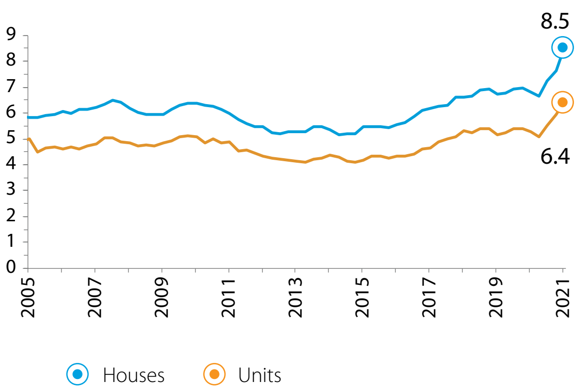
MEDIAN DWELLING VALUE

Jun-06	$268,943
Jun-11	$327,830
Jun-16	$340,369
Jun-21	$607,960

MEDIAN HOUSEHOLD INCOME

Jun-06	$907
Jun-11	$1,099
Jun-16	$1,263
Jun-21	$1,470

VALUE TO HOUSEHOLD INCOME RATIO



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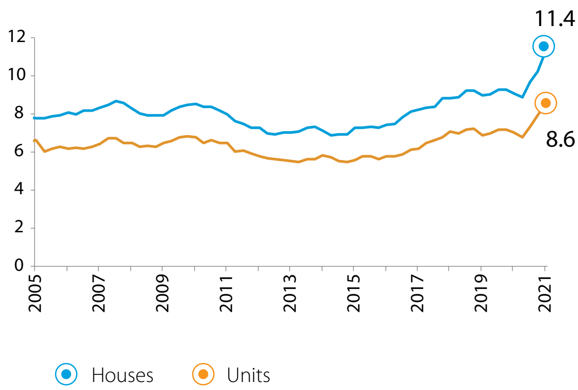
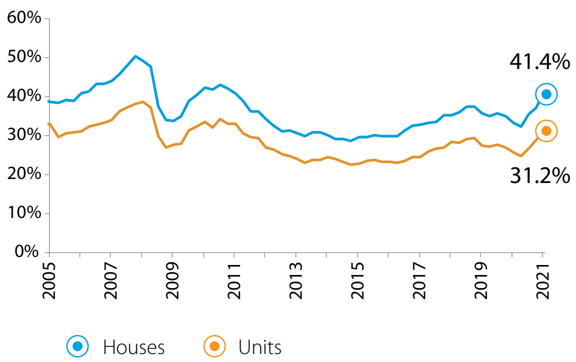
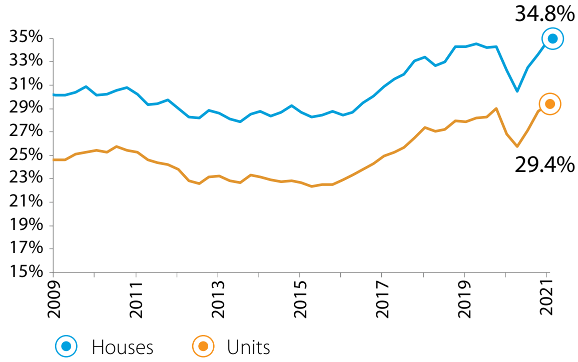


PORTION OF HOUSEHOLD INCOME REQUIRED TO SERVICE A NEW MORTGAGE



PORTION OF HOUSEHOLD INCOME REQUIRED TO PAY RENT



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Affordability measures across SA3 regions as at June 2021 (dwellings)				
Region	Value to income	Years to save a deposit	Portion of income to service a new mortgage	Proportion of income to pay rent
Brighton	6.5	8.6	31.3%	33.1%
Hobart - North East	8.2	10.9	39.7%	32.9%
Hobart - North West	7.6	10.1	36.8%	38.0%
Hobart - South and West	8.3	11.1	40.5%	33.4%
Hobart Inner	9.8	13.1	47.7%	36.0%
Sorell - Dodges Ferry	7.5	10.0	36.4%	33.7%

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REGIONAL TAS

The affordability challenges faced across Hobart are largely mirrored across regional Tasmania, which was the fourth most expensive region for the portion of income required to pay rent through the June quarter (at 33.1% of income). Despite having the fourth-lowest dwelling values of the capital city and rest of state regions, affordability metrics show regional Tasmania as having only the ninth-lowest dwelling value to income ratio (6.8), and time taken to save a 20% deposit (9.9). Through the four months to October, dwelling values increased a further 8.2% across regional Tasmania. This suggests high demand continues for property across the island, with little signs of relief from an affordability perspective.

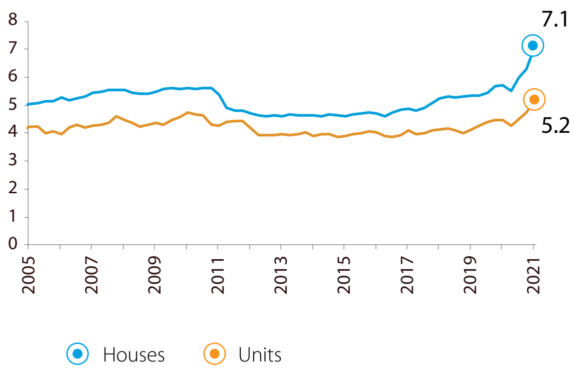
MEDIAN DWELLING VALUE

Jun-06	$202,762
Jun-11	$245,503
Jun-16	$240,820
Jun-21	$411,711

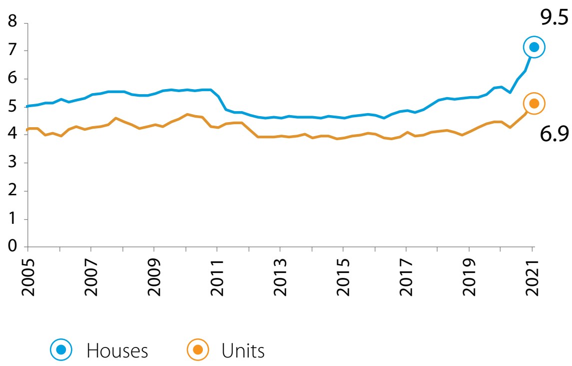
MEDIAN HOUSEHOLD INCOME

Jun-06	$760
Jun-11	$894
Jun-16	$1,014
Jun-21	$1,163

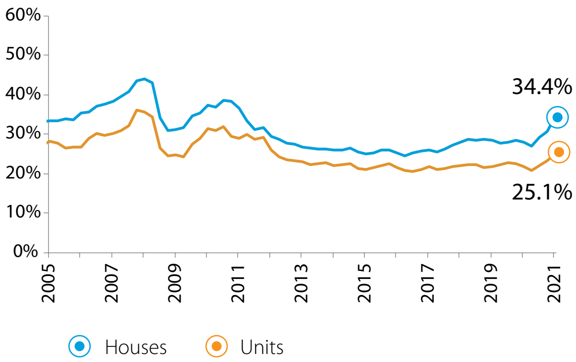
VALUE TO HOUSEHOLD INCOME RATIO



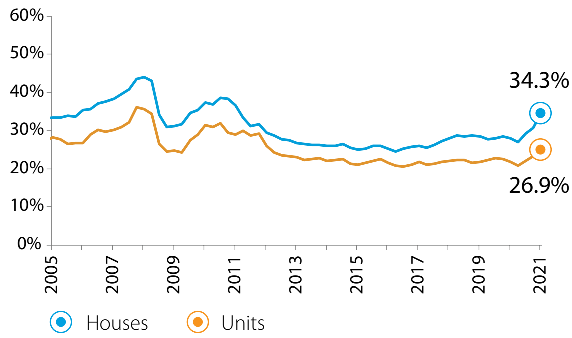
YEARS TO SAVE A DEPOSIT



PORTION OF HOUSEHOLD INCOME REQUIRED TO SERVICE A NEW MORTGAGE



PORTION OF HOUSEHOLD INCOME REQUIRED TO PAY RENT



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Affordability measures across SA3 regions as at June 2021 (dwellings)				
Region	Value to income	Years to save a deposit	Portion of income to service a new mortgage	Proportion of income to pay rent
Burnie - Ulverstone	6.0	8.0	29.0%	32.3%
Central Highlands (Tas.)	5.5	7.4	26.9%	33.2%
Devonport	6.4	8.6	31.1%	30.9%
Huon - Bruny Island	9.2	12.2	44.4%	39.5%
Launceston	6.9	9.2	33.4%	34.6%
Meander Valley - West Tamar	7.5	9.9	36.1%	36.6%
North East	7.2	9.6	34.9%	32.1%
South East Coast	9.3	12.4	45.0%	42.9%
West Coast	4.5	6.0	21.7%	26.4%

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DARWIN

As with the Perth market, Darwin has seen an extraordinary recovery in values since mid-2020. In the year to June 2021, dwelling values increased a remarkable 21.0%, with rents rising even faster in the same period (21.8%). While Darwin remains a relatively affordable housing market, affordability metrics have shown some deterioration alongside price rises. Due to the transient nature of a large component the NT workforce, there is often high pressure on rental markets during upswings in employment and economic activity (ie, through an increase in resource-based economic activity.) This may create pressures for more vulnerable, lower income households, who generally have a greater propensity to rent. Over the 12 months to June, the portion of income required to service rents on the median Darwin dwelling increased from 23.5% to 27.9%.

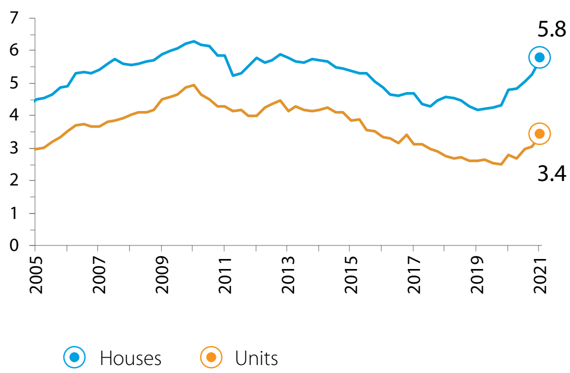
MEDIAN DWELLING VALUE

Jun-06	**$292,255**
Jun-11	**$483,168**
Jun-16	**$480,116**
Jun-21	**$475,083**

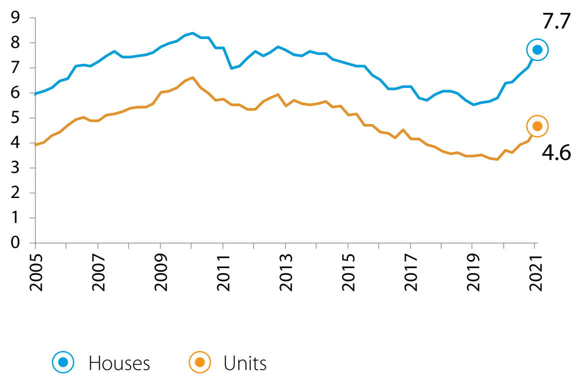
MEDIAN HOUSEHOLD INCOME

Jun-06	**$1,270**
Jun-11	**$1,734**
Jun-16	**$2,114**
Jun-21	**$1,896**

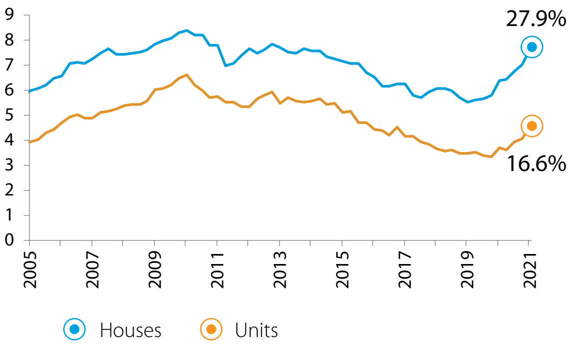
VALUE TO HOUSEHOLD INCOME RATIO



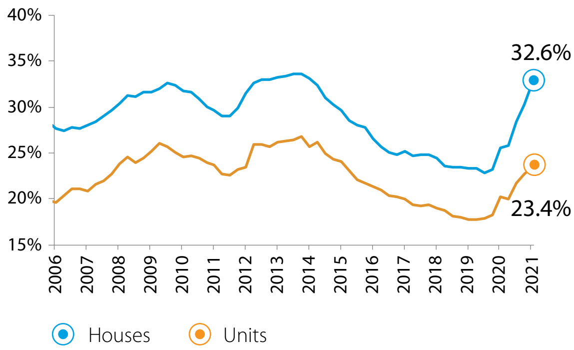
YEARS TO SAVE A DEPOSIT



PORTION OF HOUSEHOLD INCOME REQUIRED TO SERVICE A NEW MORTGAGE



PORTION OF HOUSEHOLD INCOME REQUIRED TO PAY RENT



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Affordability measures across SA3 regions as at June 2021 (dwellings)				
Region	Value to income	Years to save a deposit	Portion of income to service a new mortgage	Proportion of income to pay rent
Darwin City	4.6	6.1	22.2%	29.7%
Darwin Suburbs	5.1	6.8	24.7%	29.1%
Litchfield	5.8	7.7	27.9%	31.6%
Palmerston	4.5	6.1	22.0%	27.8%

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REGIONAL NT

Similar to Darwin, the rest of the Northern Territory region has seen a recovery in dwelling values over the 12 months to June 2021. Through this period, dwelling values across regional NT have increased 9.5%, which was the highest rate of annual increase since 2010. This has led to a deterioration in affordability, though regional NT remains one of the more affordable markets across Australia.

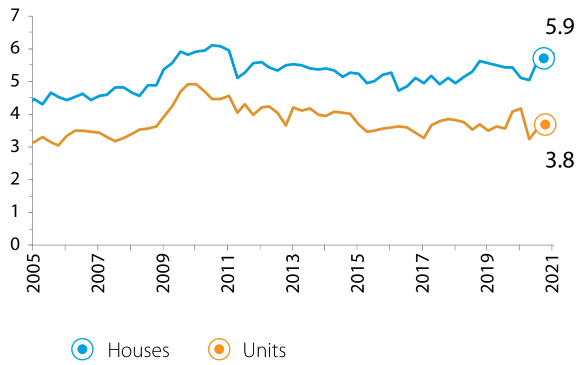
MEDIAN DWELLING VALUE

Jun-06	$233,953
Jun-11	$394,185
Jun-16	$374,519
Jun-21	$420,100

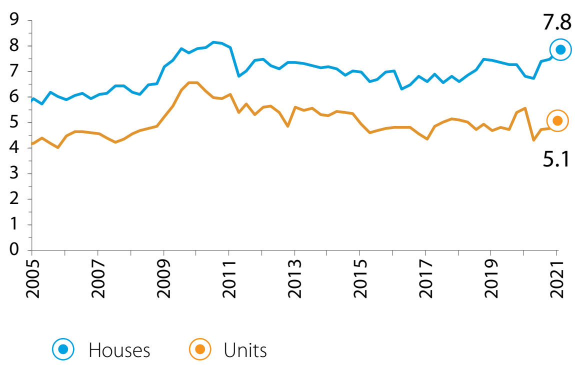
MEDIAN HOUSEHOLD INCOME

Jun-06	$1,079
Jun-11	$1,361
Jun-16	$1,503
Jun-21	$1,510

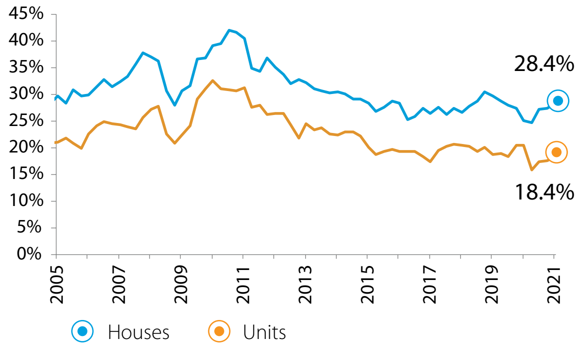
VALUE TO HOUSEHOLD INCOME RATIO



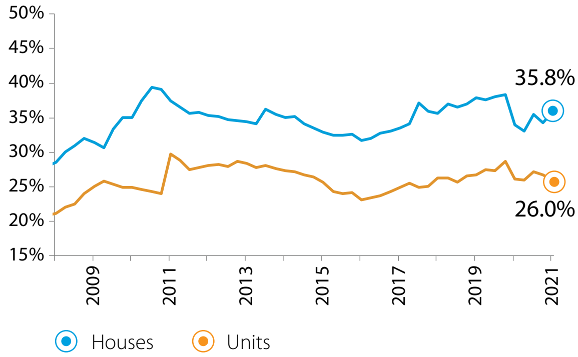
YEARS TO SAVE A DEPOSIT



PORTION OF HOUSEHOLD INCOME REQUIRED TO SERVICE A NEW MORTGAGE



PORTION OF HOUSEHOLD INCOME REQUIRED TO PAY RENT



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Affordability measures across SA3 regions as at June 2021 (dwellings)				
Region	Value to income	Years to save a deposit	Portion of income to service a new mortgage	Proportion of income to pay rent
Alice Springs	5.2	6.9	25.2%	30.3%
Daly - Tiwi - West Arnhem	6.8	9.1	33.0%	33.0%
Katherine	4.5	6.0	21.9%	33.5%

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CANBERRA

Across Canberra, the median house value reached around $877,000 through the June quarter. The median value has since shot up to $956,000 through the September quarter. The ACT now has the third highest median house value of the Australian capital cities, and is close to overtaking median house values in Melbourne.

Canberra also has the highest median household incomes of the capital cities. Weekly household incomes over June were estimated to be $2,243, with is 38.5% higher than the weekly national figure.

This means affordability ratios tend to be closer to the average of capital cities, despite rent and purchasing values being among the highest levels. It also suggests households have more capital they can put towards housing costs, with affordability being less of a headwind for future dwelling value increases as much as it would in a city like Sydney, where housing cost pressures are greater.

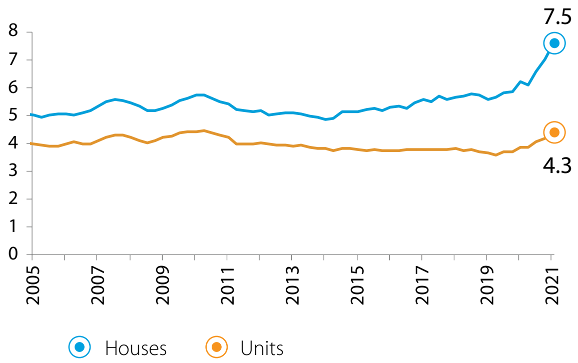
MEDIAN DWELLING VALUE

Jun-06	$367,695
Jun-11	$499,278
Jun-16	$518,167
Jun-21	$770,873

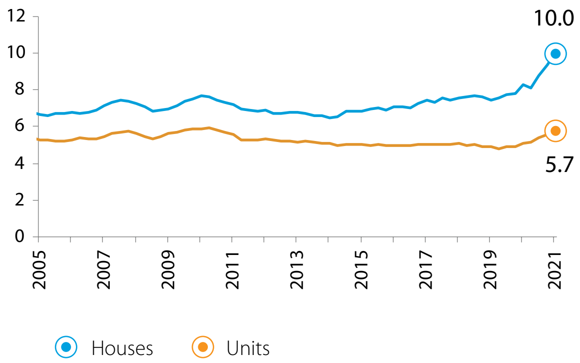
MEDIAN HOUSEHOLD INCOME

Jun-06	$1,488
Jun-11	$1,910
Jun-16	$2,079
Jun-21	$2,243

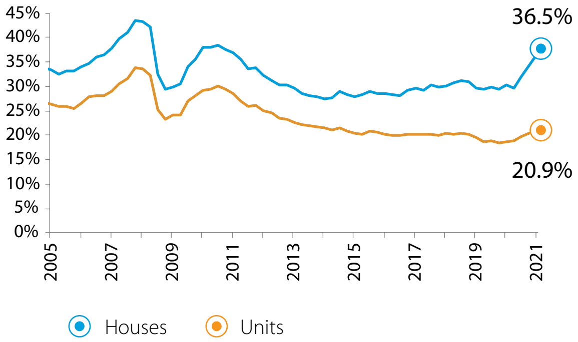
VALUE TO HOUSEHOLD INCOME RATIO



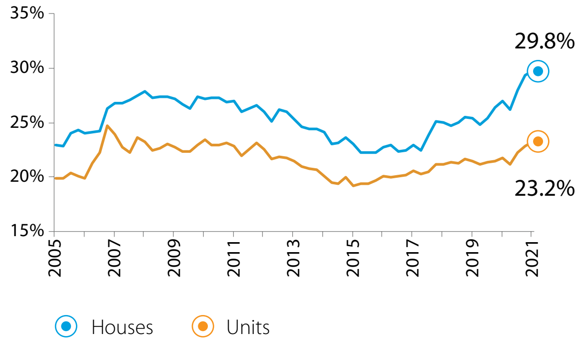
YEARS TO SAVE A DEPOSIT



PORTION OF HOUSEHOLD INCOME REQUIRED TO SERVICE A NEW MORTGAGE



PORTION OF HOUSEHOLD INCOME REQUIRED TO PAY RENT



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Affordability measures across SA3 regions as at June 2021 (dwellings)				
Region	Value to income	Years to save a deposit	Portion of income to service a new mortgage	Proportion of income to pay rent
Belconnen	6.9	9.2	33.3%	29.3%
Gungahlin	6.7	8.9	32.5%	27.1%
Molonglo	2.5	3.3	12.0%	12.5%
North Canberra	7.1	9.4	34.4%	27.6%
South Canberra	6.0	8.0	29.2%	26.3%
Tuggeranong	6.6	8.7	31.8%	29.2%
Weston Creek	7.2	9.6	35.0%	30.1%
Woden Valley	8.9	11.9	43.2%	27.0%

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