



Australian Institute for Progress

Housing Affordability Index

March Quarter, 2024

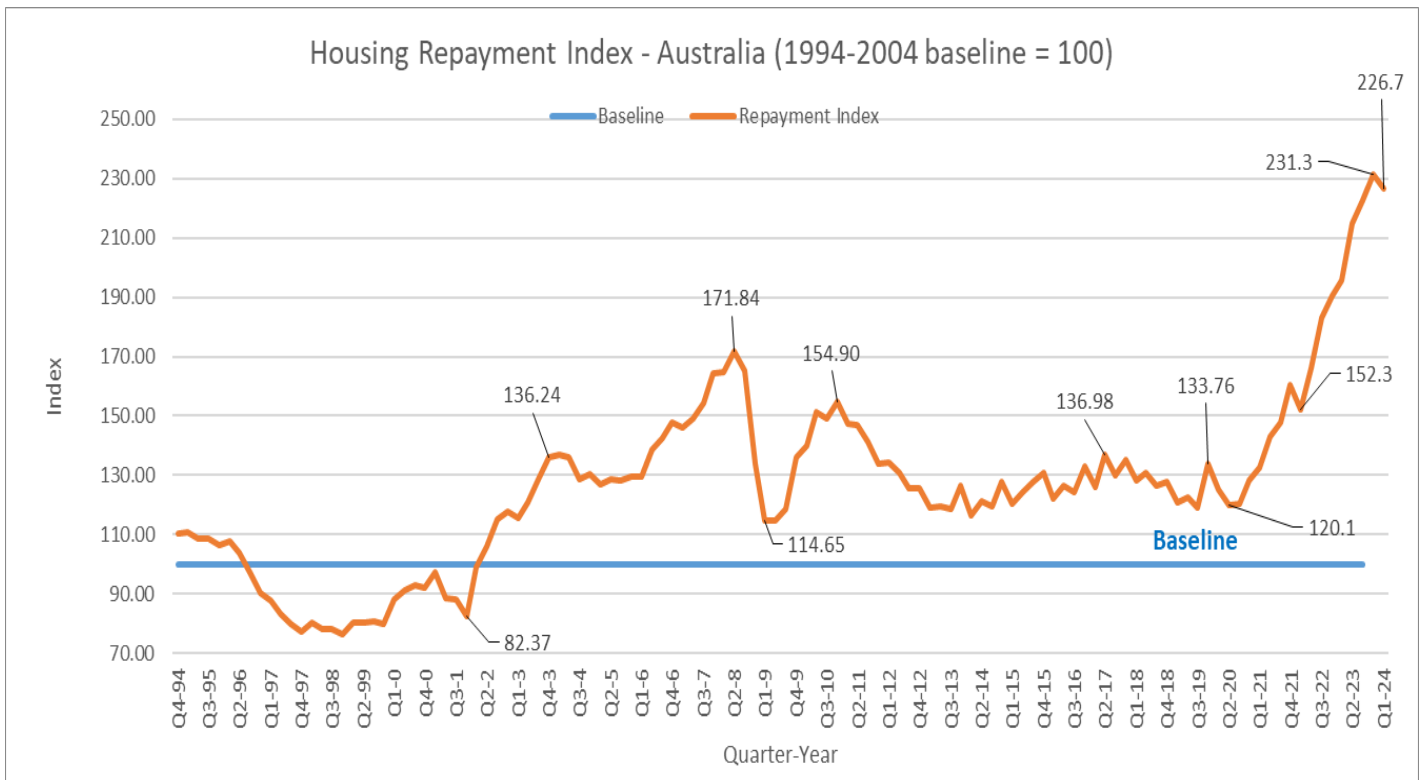
A Quarterly Review of Housing Affordability

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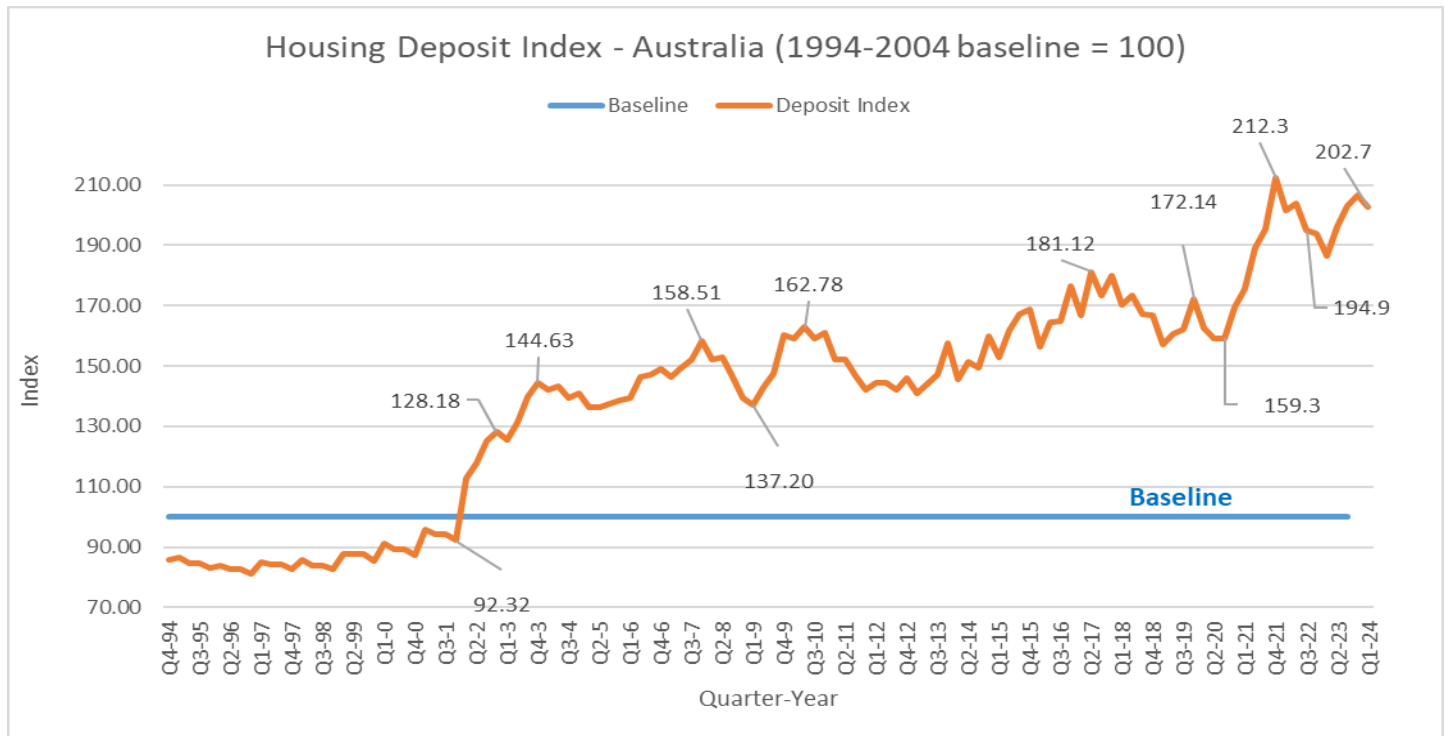
The Australian Institute for Progress exists to advance the discussion, development and implementation of public policy for Australia's future, from its base in Brisbane. The future does not look after itself.

Highlights

- The Q1 2024 Australian housing market saw a general decrease in the Repayment Index and a decrease in the Deposit Index following an upwards tick in the previous quarter, Q4 2023¹.
- The Repayment Index eased slightly by over 5 index points on average throughout Australia. This was evident in all state capitals where the repayments index either fell, or held, apart from Perth, which was up more than 11 index points in the three months to March 2024. The biggest fall, of almost 10 index points, was Canberra.
- The Deposit Index for Q1 2024 mirrors repayments, showing an average fall of 6 points nationally, with Canberra (down 10 points) and Perth (up 10 points) again experiencing the biggest movements at either ends of the spectrum.
- Relative to the Repayment and Deposit Indices, both Sydney and Canberra remain close to the national averages of 226.7 for Repayments and 202.7 for Deposits.
- Wages and wages growth continue to make small increases across all national capitals, but not at a rate that has had an appreciable impact upon housing affordability. Currently, Perth has the highest average weekly wage in the country, which it has maintained since Q3 2023, overtaking Canberra. Canberra and Perth have been tussling over the wages crown for a decade and a half, with very little separating them in any given quarter. Prior to 2009, according to ABS data, the highest average wage was held by consistently by Canberra.



¹ Note: This analysis utilises updated housing figures for previous quarters from the ABS, subsequently there has been some limited changes to the base data used.



Summary

Median house prices saw little movement across Australia over the first three months of this year, remaining relatively stable across all capital cities, with most movements limited to 0-2%, with the exceptions of Melbourne, where prices declined by just more than 3%, and Perth where prices increased by 5%.

Corresponding movements are evident in repayment levels across Australia, as declining house price averages in combination with steady RBA cash rates led to small reductions in total yearly repayments on average across Australia. Specifically, the repayment index fell marginally in all capitals except Perth (5.2%), Brisbane (2.5%) and Adelaide (1.2%). Hobart also experienced a very small increase of just under 0.5% over the same period.

Using these indices as a combined measure of affordability, and as can be seen in the table below, Darwin remains the most affordable capital in Australia, followed by Perth. Hobart maintains the mantle of least affordable.

City	Repayment Index		Deposit Index	
	Index	QoQ Change	Index	QoQ Change
Sydney	228.7	6.78	203.7	1.9
Melbourne	233.3	5.33	186.4	2.7
Brisbane	208.6	6.22	188.1	0.5
Adelaide	249.5	6.23	223.7	1
Perth	185.1	16.2	166.2	11.4
Hobart	266.5	1.48	240.6	-3.7
Canberra	224.3	-0.58	201	-4.7
Darwin	148.8	2.87	134.8	-0.2
Average	226.7	5.38	202.7	0.7

We measure our repayment affordability index using median house prices and calculating the ratio of repayments to average weekly earnings and expressing it as a percentage of the average for the first 10 years of the time series. We measure our deposit affordability index by calculating the ratio of an average 20% deposit to average weekly earnings and expressing it as a percentage of the average figure for the first 10 years of the time series. National figures are based on using a weighted average of the 8 most populous cities in Australia, weighted by the number of established housing transfers in each city for each quarter.



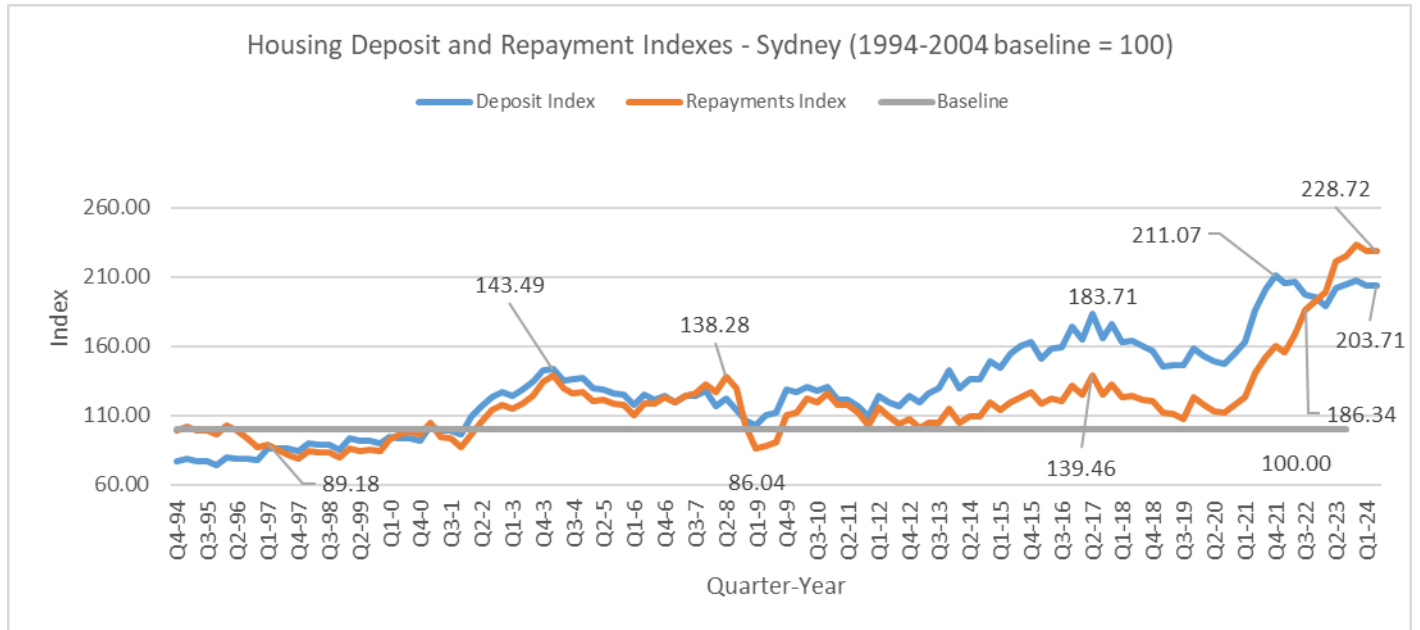
Graham Young BA (Hons)
Executive Director



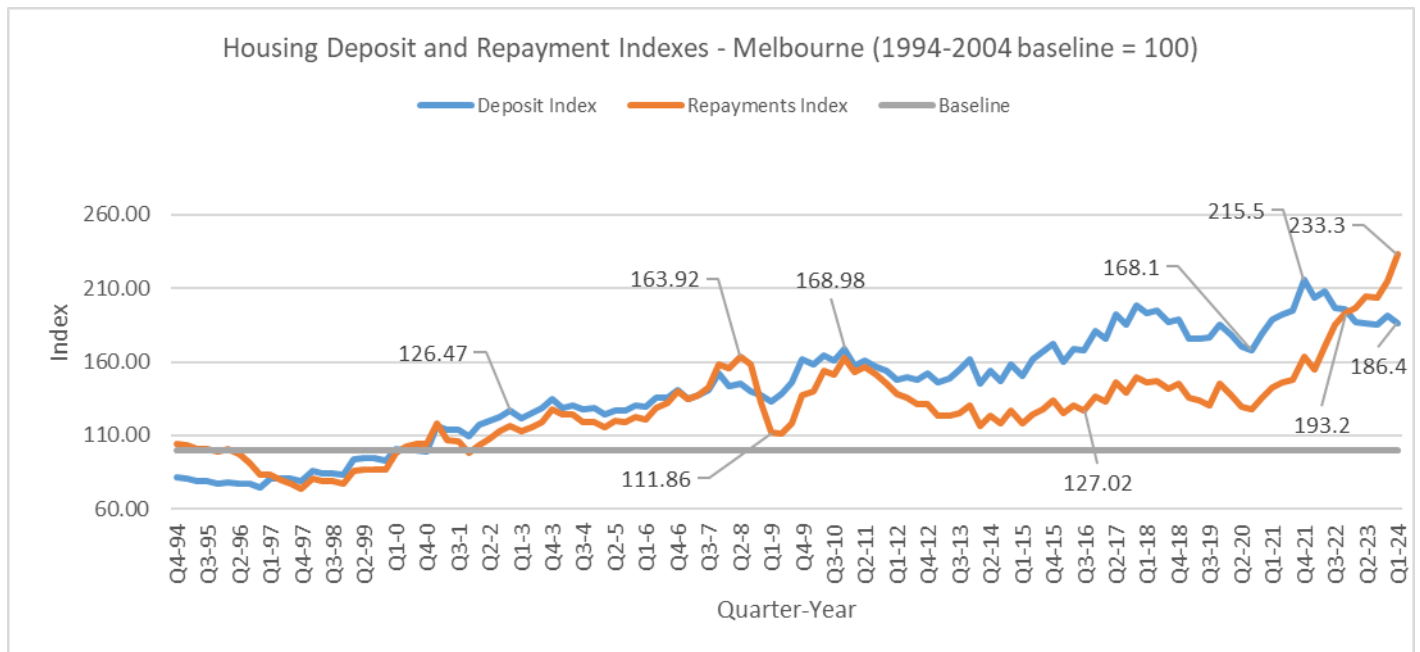
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Deposit and Repayment Costs by Capital City

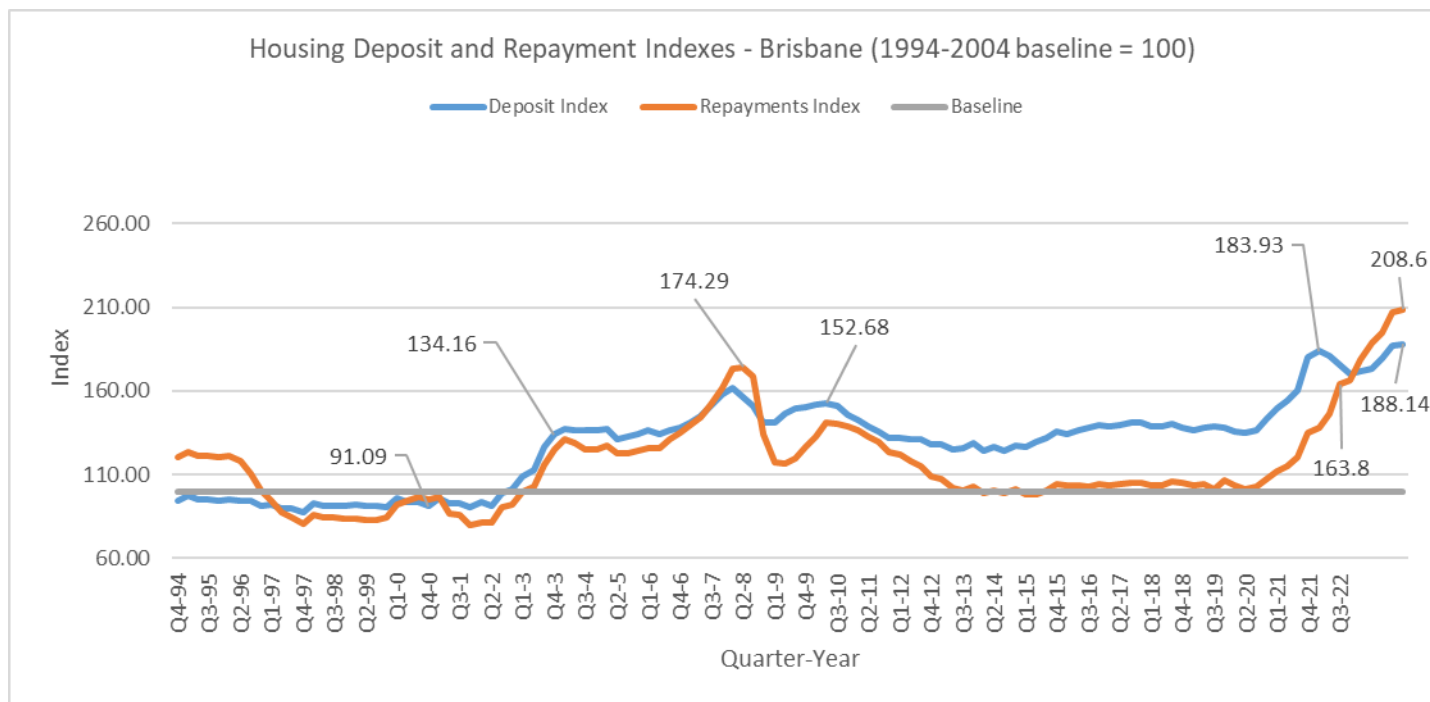
Sydney



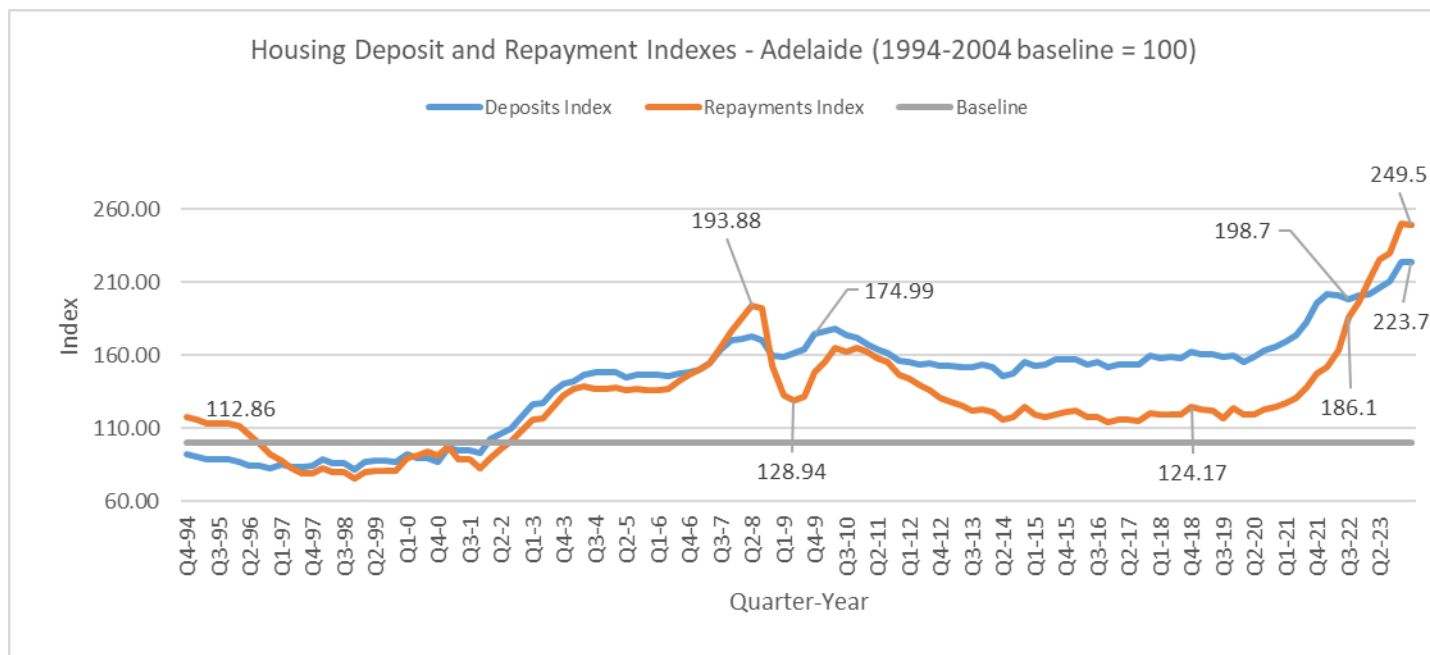
Melbourne



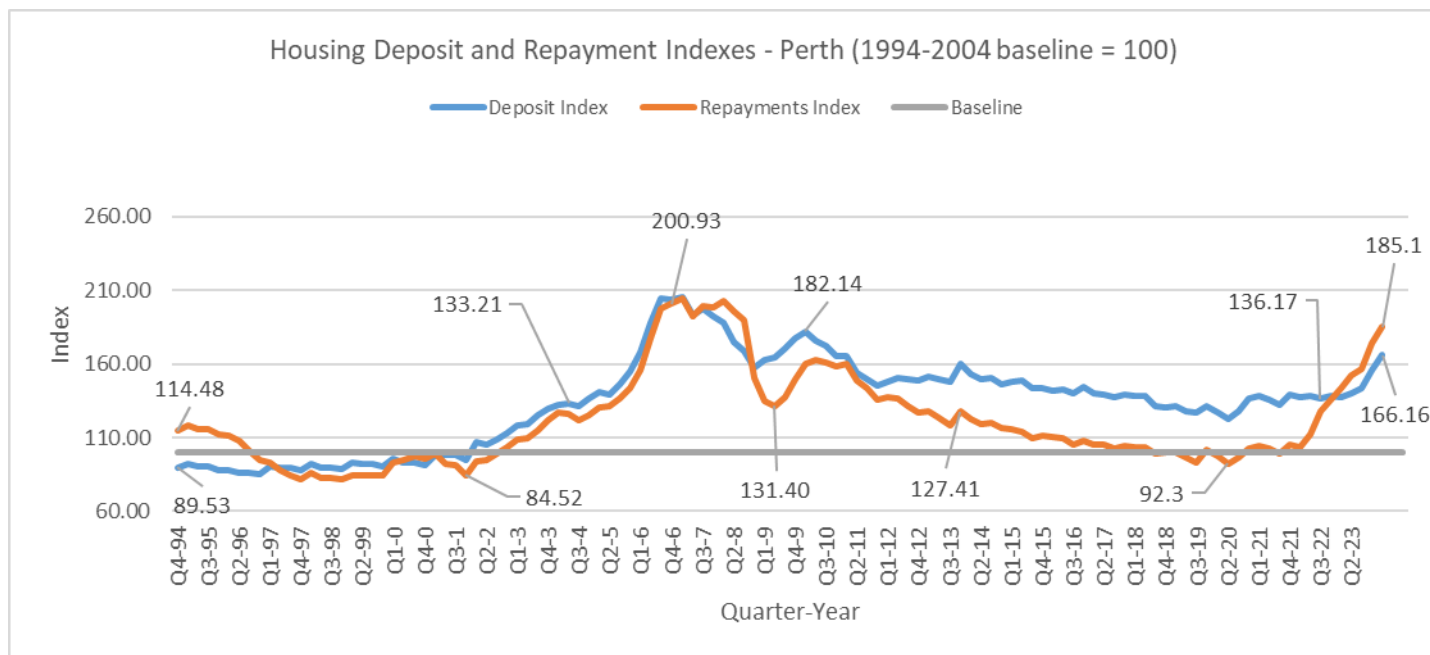
Brisbane



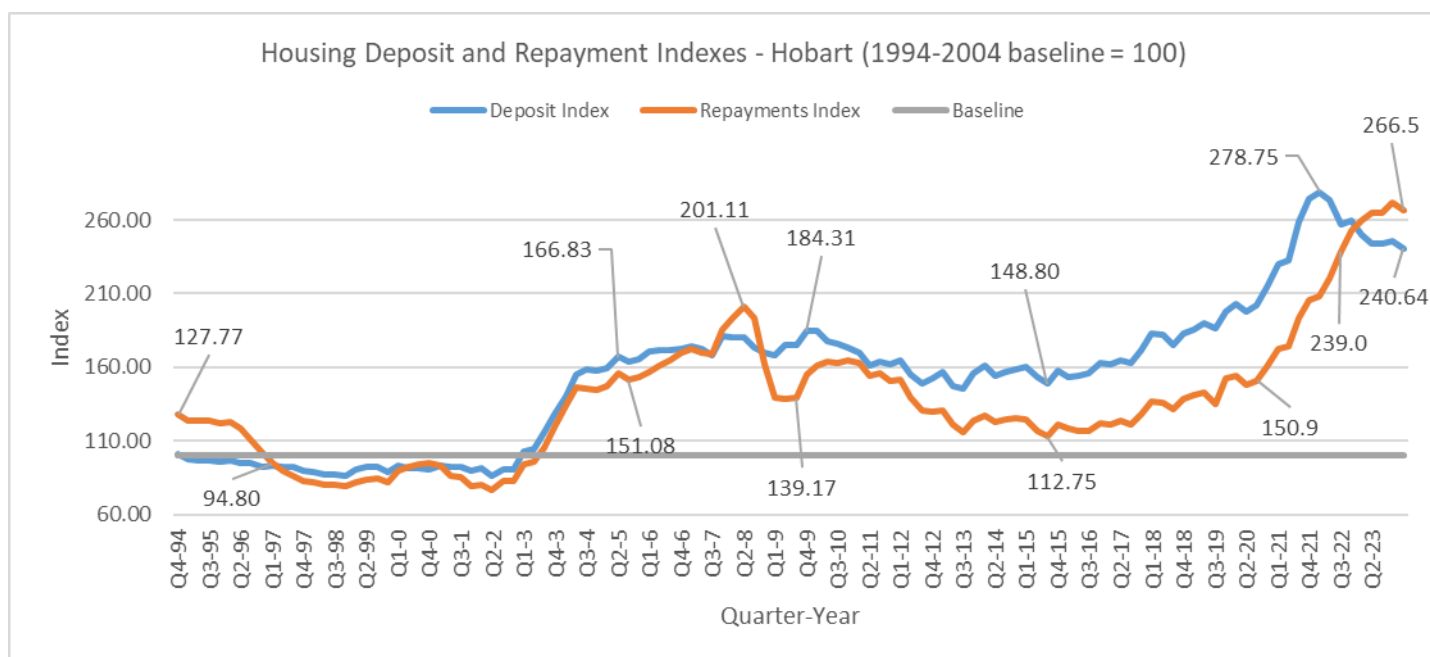
Adelaide



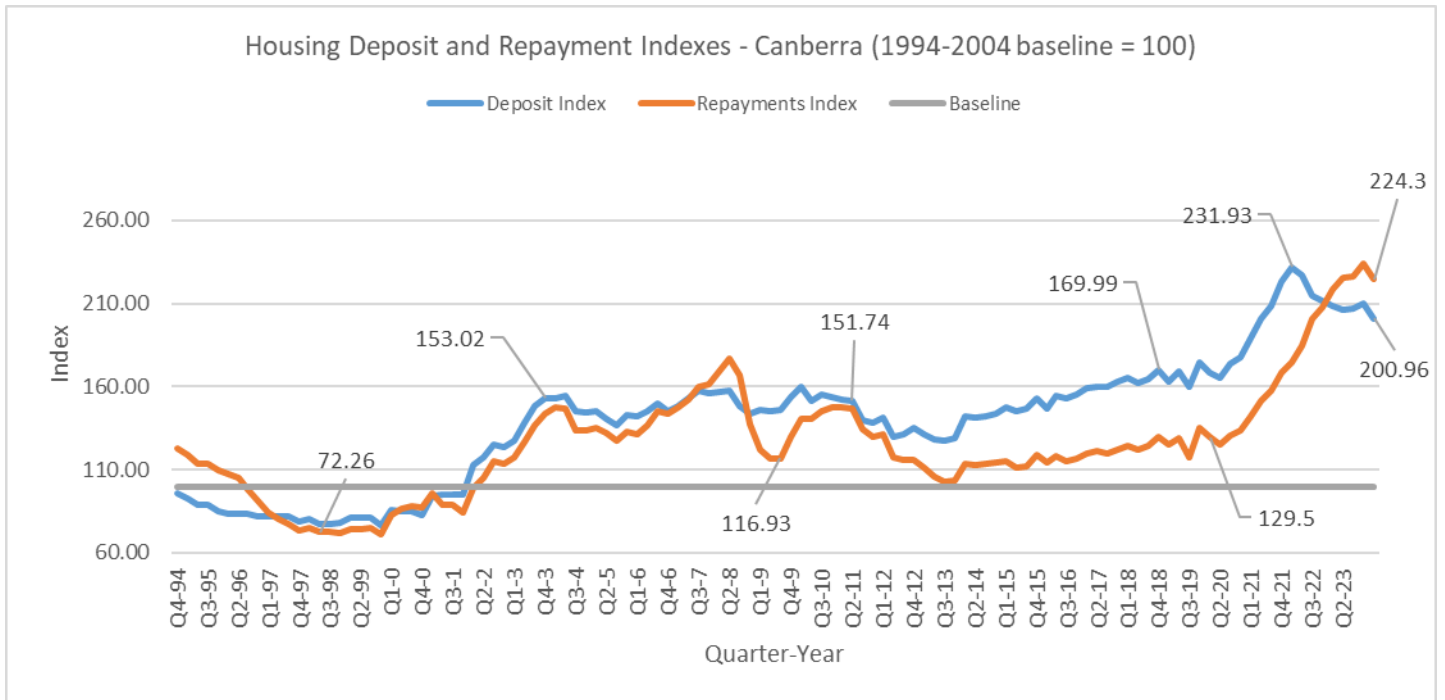
Perth



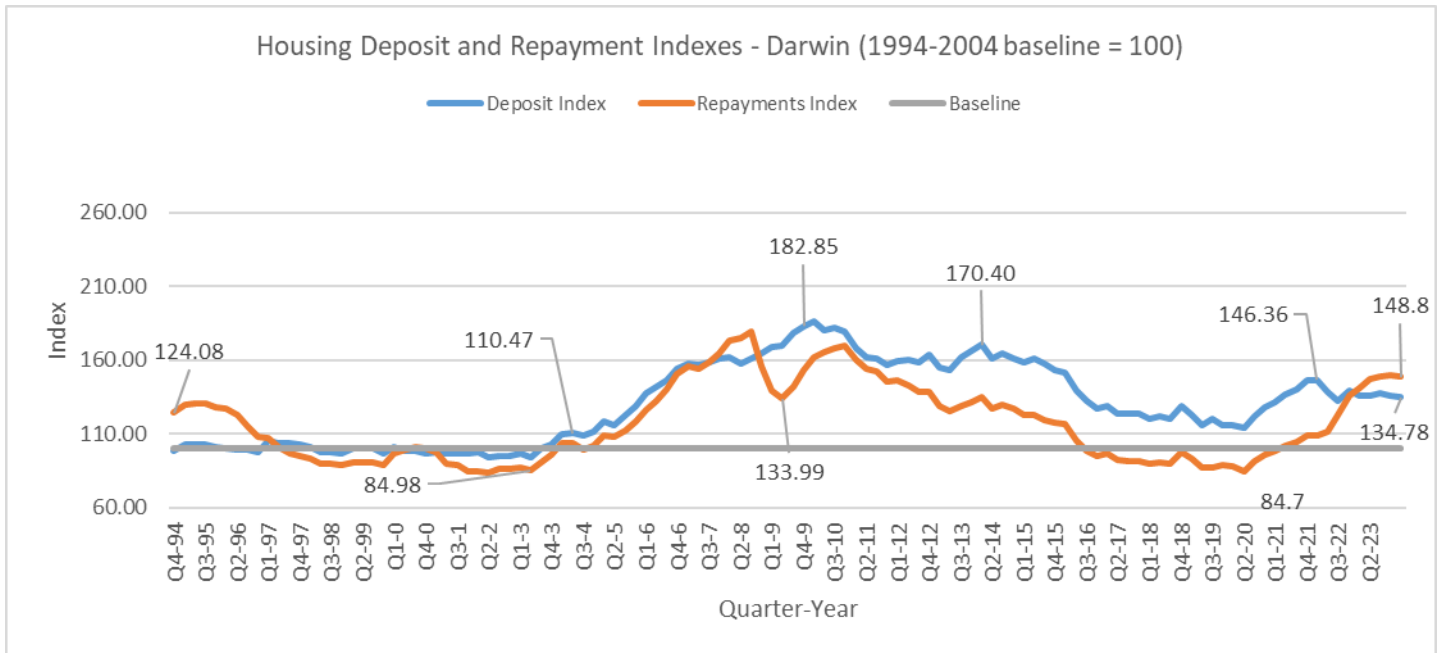
Hobart



Canberra



Darwin



References

1. Abelson, Peter; Chung, Demi. (2004). *Housing Prices in Australia: 1970 to 2003*. Published by The University of Sydney. Obtained via: https://www.researchgate.net/publication/5165791_Housing_Prices_in_Australia_-_1970_to_2003
2. ABS. (March 2023 series). *Total Value of Dwellings*. Obtained via: <https://www.abs.gov.au/statistics/economy/price-indexes-and-inflation/total-value-dwellings/latest-release>
3. ABS 6302. (November 2023 series). *Average Weekly Earnings: Australia*. Obtained via: <https://www.abs.gov.au/statistics/labour/earnings-and-work-hours/average-weekly-earnings-australia/latest-release>
4. RBA F05. (April 2023 series). *Indicator Lending Rates*. Obtained via: <https://www.rba.gov.au/statistics/tables/xls/f05hist.xls>.
5. Australian Bureau of Statistics (March 2024), [National, state and territory population](#), ABS Website, accessed 14 October 2024.