

## Media Release

For immediate release, Thursday 11 December

### Housing affordability improves for third quarter, yet challenges remain, says REIA report

Australia's housing affordability has continued its positive trajectory for the third consecutive quarter, while rental affordability has held steady, according to the Real Estate Institute of Australia's (REIA) Housing Affordability Report for the September 2025 quarter.

REIA President Jacob Caine said that while recent months have provided some relief, affordability pressures are expected to continue in 2026.

"It's encouraging to see housing becoming a bit more affordable for Australian families for the third quarter in a row. But with first home buyer activity slightly contracting and higher than anticipated inflation affecting interest rates, many households will still face challenges in the months ahead."

The report for September 2025 found that the proportion of median family income required to meet average home loan repayments fell to 47.0%, improving 0.5 percentage points over the quarter and 1.6 percentage points over the year.

State and territory trends showed affordability strengthening in all regions except Queensland, which experienced a marginal decline of 0.1 percentage points.

Rental affordability remained stable nationally at 24.3%, up 0.5 points over the past year. Improvements were seen in New South Wales, Victoria, South Australia, and the ACT, while affordability tightened slightly in Queensland, Western Australia, Tasmania, and the Northern Territory.

First home buyer activity softened, with 29,252 new loan commitments, down 3% from the previous quarter and 0.9% lower than September 2024. Activity decreased across all states except Tasmania (+1.7%). Victoria had the largest number of first home buyers at 9,835, and the Northern Territory the smallest at 299. The average loan size to first home buyers increased to \$560,249, rising 1.0% over the quarter and 4.4% over the year.

Overall lending for owner-occupiers remained steady, with 84,687 new loan commitments, slightly down 0.2% from the June quarter but 1.9% higher than September 2024. The average loan size grew 2.3% over the quarter to \$693,802, marking an 8.1% annual increase.

Looking ahead, Mr Caine noted that this year's affordability gains are encouraging but fragile.

"This report demonstrates that steady progress is possible, but sustaining affordability for Australians requires ongoing action from government, industry, and the wider housing sector," he said.

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For any further information, please contact:

Jessica Schulz, REIA Media and Communications Coordinator

**0433 849 396**

**[jessica.schulz@reia.com.au](mailto:jessica.schulz@reia.com.au)**

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# Housing and Rental Affordability

