

Housing affordability drastically improved

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Historically low interest rates and softer prices have ensured that housing affordability has finally improved, according to the Real Estate Institute of Queensland (REIQ).

In Queensland, the turnaround has been particularly pronounced with housing affordability improving dramatically in just nine months.

The percentage of family income required in Queensland to meet average loan repayments has decreased from a high of 41 per cent in June last year to 30 per cent in March this year.

First home buyers were essentially locked out of the market until interest rates started to trend down in September last year and existing homeowners were also feeling the pinch.

"The combination of strong property price growth over recent years and interest rates that peaked at 9.60 per cent less than a year ago meant that home ownership was increasingly out of reach," REIQ chairman Peter McGrath said.

"And that high interest rate environment also saw the number of homeowners in mortgage stress increase dramatically."

Since that time, affordability has drastically improved with record numbers of first home buyers entering the market, and many existing homeowners using the current low interest rate environment to pay more off their home loans.

The standard variable interest rate is now 5.75 per cent.

The softer property market has also resulted in a number of new suburbs appearing on the REIQ's most affordable suburbs list.

New entries include Rockville in Toowoomba, Howard on the Fraser Coast, Millbank in Bundaberg, South Gladstone, and Woree and Bungalow in Cairns.

"And Brisbane's top three suburbs still have medians more affordable than the top three on the Gold and Sunshine coasts, Gladstone and Mackay, ensuring opportunities remain for buyers in our capital city."