



Housing Affordability Report

2025

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Executive Summary

The PropTrack Housing Affordability Report shows **housing affordability improved in 2025**, although conditions remain challenging.

The findings are based on the PropTrack Housing Affordability Index – the most comprehensive measure of housing affordability in Australia – which assesses the share of homes that households across the whole income distribution can afford to purchase.

Higher incomes and lower mortgage rates, following the Reserve Bank's interest rate cuts in February and May, **boosted borrowing capacity** enough to offset the increase in home prices in 2024-25. As a result, housing affordability eased slightly across the country.

Despite easing conditions, **a typical household could afford to buy just 15% of homes** sold across the country – close to the record low. Buyers in New South Wales and South Australia are facing the worst affordability, while Victoria and Western Australia are the most affordable states.

It is **particularly challenging for low-income households**. Low-income households at the 30th income percentile could afford to buy just 3% of homes sold in the past year, essentially locking these households out of the market.

With home prices still growing and set to rise further, and additional interest rate cuts looking less likely, housing affordability will remain stretched over the coming year.





Contents

The PropTrack Housing Affordability Index	4
Drivers of worsening affordability	9
The deposit burden	12
Housing affordability across the states	13

What is housing affordability and accessibility?

Affordability

The **income** required to comfortably afford mortgage repayments on a given home.

This is assessed on current mortgage rates with a buffer to account for higher rates in the future and assumes the household has already saved a deposit.

Accessibility

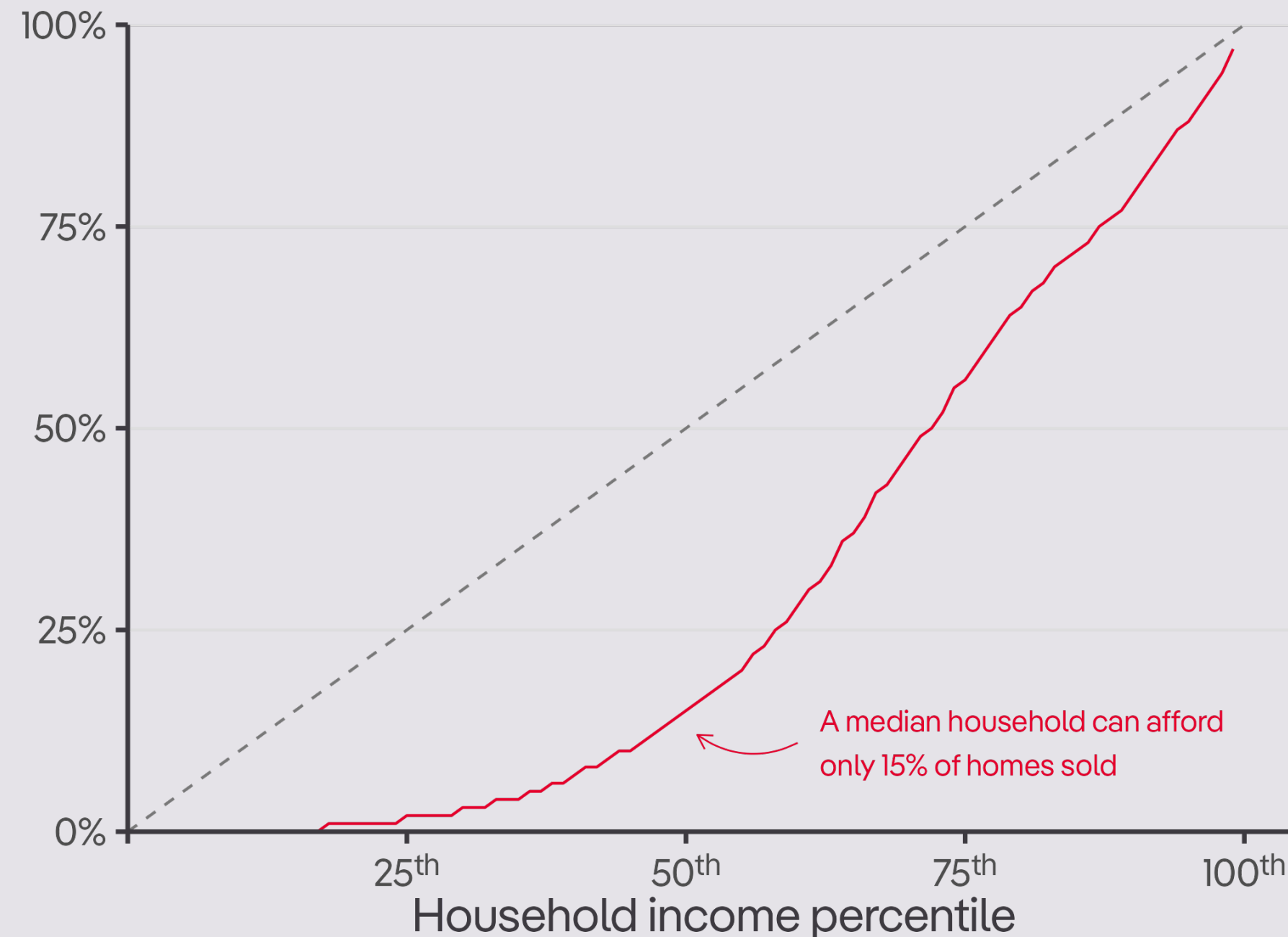
The **wealth** required for a deposit and other costs to buy a home – particularly important for first-home buyers.

Lenders usually require a deposit, often 20%. With a smaller deposit, a borrower will typically either face a higher interest rate or will need Lenders Mortgage Insurance.



Affordable share of home sales

By household income, 2024-25



Sources: PropTrack, ABS, RBA

What the PropTrack Affordability Index measures

Methodology summary¹

- Measures **the share of home sales** households across the income distribution can afford
- Based on a household spending 30% of their gross income on mortgage repayments, and a 2.5% buffer for assessment above the most-recent average new mortgage rate
- Assumes access to a 20% deposit and the costs of purchasing (such as stamp duty)

The PropTrack Affordability Index summarises the capacity for households of different incomes to afford homes across Australia.

It is based on the share of homes that households at each decile of the income distribution can afford to buy each year.

As an example, a ‘typical’ or median-income household earning just over \$118,000 a year could, under conservative assumptions about mortgage serviceability and borrowing capacity, afford to make loan repayments on just 15% of homes sold in the past year.

This is then combined into the single Index measure of affordability. A measure of 1.00 means all households can afford homes in proportion to their income.

1. Full methodological details for all metrics used in the report available on p.31

PropTrack Housing Affordability Index



Sources: PropTrack, ABS, RBA

Housing affordability improved as mortgage rates came down

The PropTrack Housing Affordability Index shows that conditions improved modestly in 2024/25 but remain near record lows.

Lower interest rates, following the RBA's interest rate cuts in February and May, eased borrowing costs in FY25. With an additional cut in August, borrowing costs will have eased further. Coupled with income growth, those rate cuts have seen borrowing capacity for households increase by just under 10% on average. That increase has been enough to, just, offset the increase in home prices between 2023/24 and 2024/25.

Nonetheless, affordability remains challenged by historical standards and only marginally ahead of 2023/24 and the 2007/08 trough.

The past three years of very challenging housing affordability were driven by the rapid increase in interest rates in 2022 and 2023, coupled with strong home price growth in many markets.

The current state of affordability is a marked change from that in the decade following the Global Financial Crisis, when affordability gradually improved, and particularly so relative to 2020 and 2021 – the most affordable conditions since the late 1990s and early 2000s – due to interest rates falling to record lows.

New South Wales and South Australia face worst affordability, while conditions in Victoria eased

Households in New South Wales face the most challenging affordability in the country, with South Australia, Queensland and Tasmania following closely behind.

With a median home value of \$1.23 million in Sydney, it is no surprise New South Wales is the least affordable state, with a median-income household able to afford just 11% of homes.

South Australia has moved to the second-least-affordable state in Australia, overtaking Tasmania and Victoria over the past year. South Australia has seen the sharpest deterioration in affordability over the past five years, driven by rapid price growth combined with the state's relatively lower household incomes.

Victoria is now the second-most affordable state in the country, behind only Western Australia, which has seen affordability tighten rapidly in recent years. Victoria is slightly more affordable than all other states, with a median-income household able to afford 18% of homes sold. In WA, 17% of homes are affordable.

While Western Australia remains the most affordable state, the gap to the rest of Australia has narrowed significantly, driven by rapid home price growth in recent years. Since early 2020, home prices in Perth have more than doubled.

PropTrack Housing Affordability Index

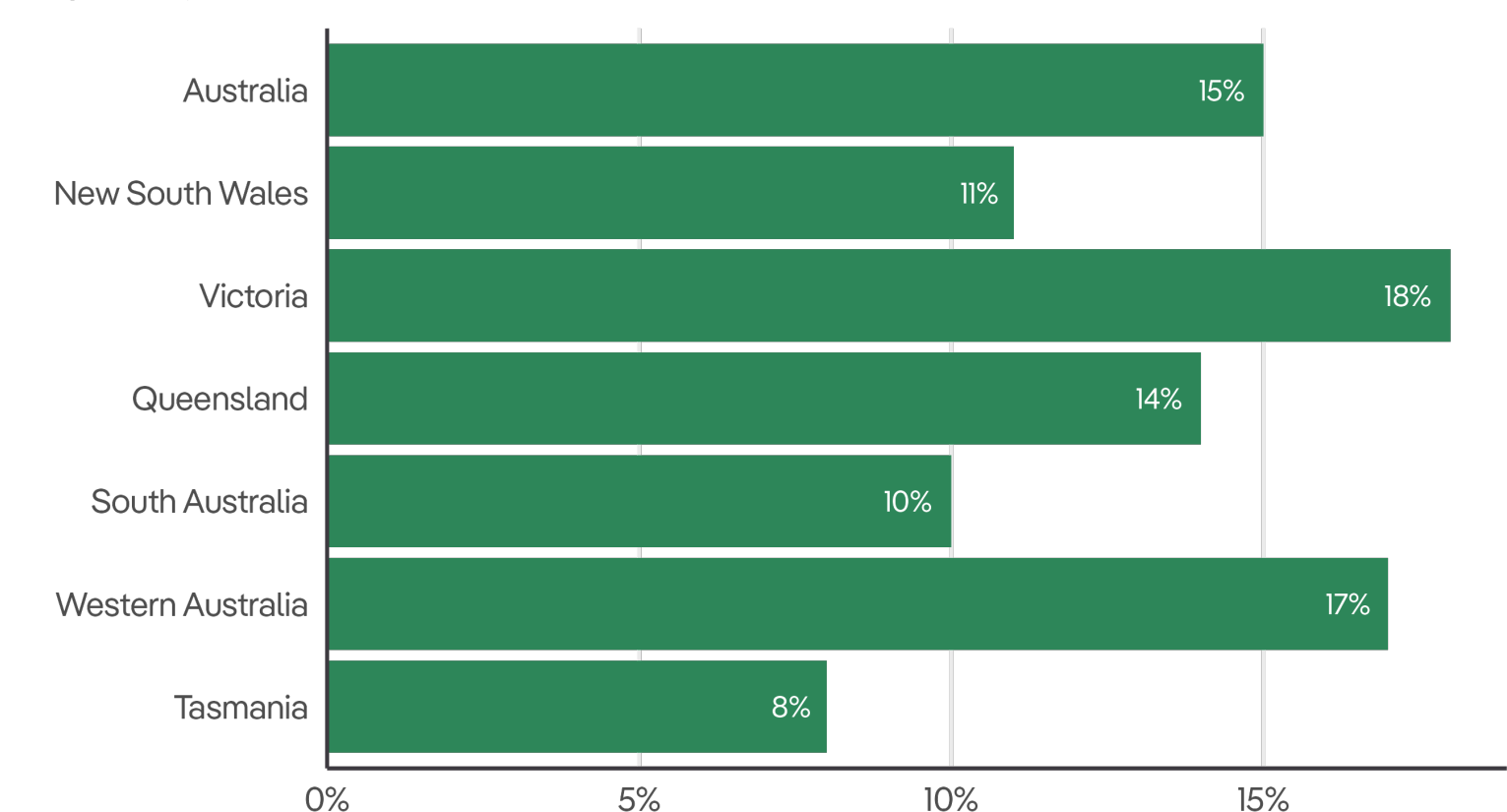
By state, 2024-25



Sources: PropTrack, ABS, RBA

Affordable share of homes for median income households

By state, 2024-25



Sources: PropTrack, ABS, RBA

Lower- and middle-income households can afford around the smallest share of homes on record

The PropTrack Housing Affordability Index assesses the ability for households of different incomes to purchase homes. Regardless of income level, affordability remains significantly challenging for most.

A median (or typical) income household, which represents those earning about \$118,000 a year nationally, could afford just 15% of all homes sold across the country. This is only marginally higher than the low seen in 2008-09.

This share represents a sizeable change from as recently as four years ago, when mortgage rates were at record lows in 2020-21. At that time, a median-income household could afford 43% of homes sold, the highest share since 2001/02.

For higher-income households, affordability has improved marginally. Home prices at the more expensive end of the market have not increased by as much as more-affordable homes. Lower mortgage rates and higher incomes mean, for higher-income households, borrowing capacity has increased by more than home prices in market segments relevant for them.

Yet the same is not true for middle- and lower-income households. Low-income households are effectively locked out, as a household at the 30th income percentile could afford to buy just 3% of homes.

Affordability for households over time

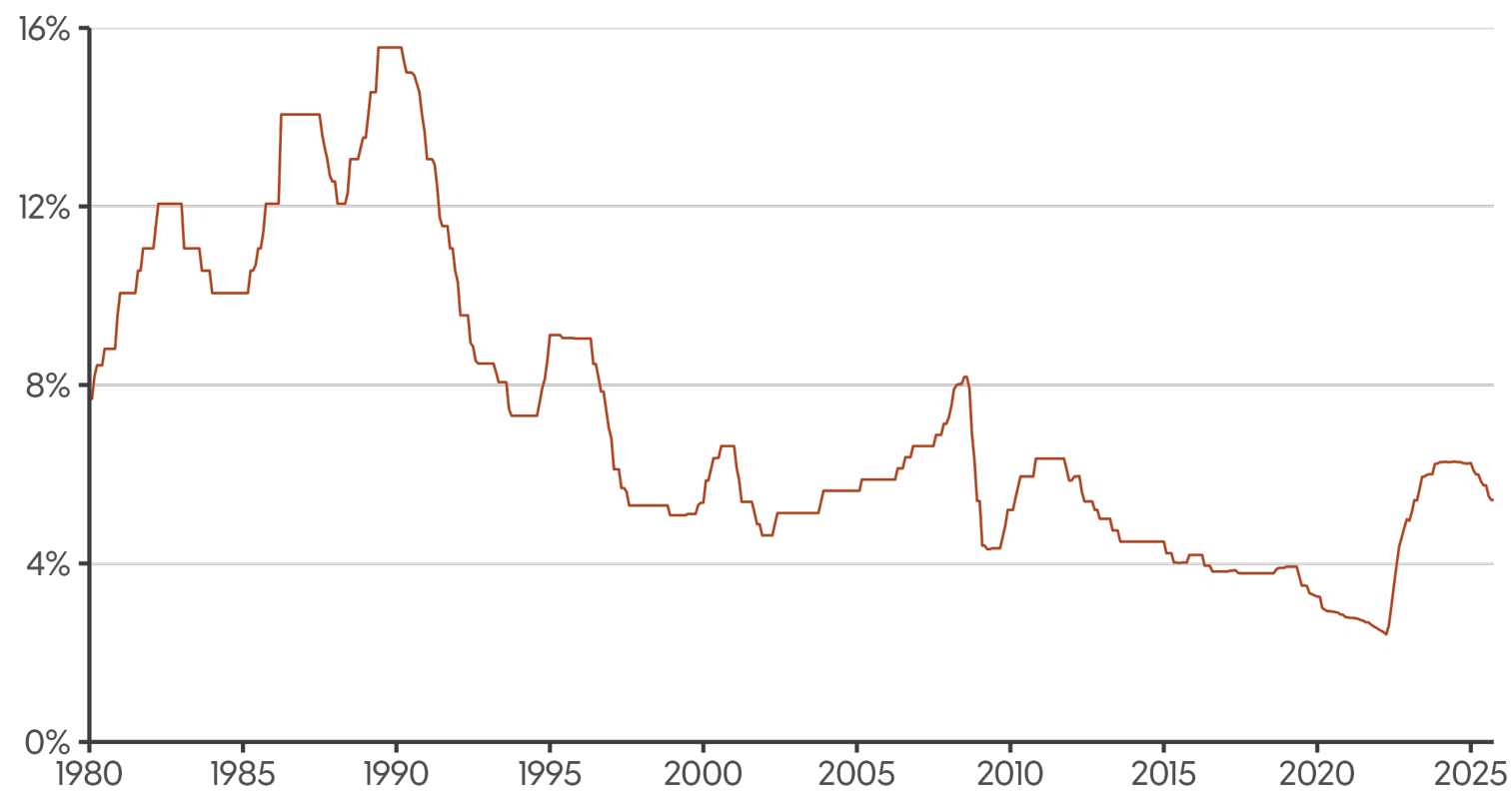
Affordable share of home sales, by household income



Sources: PropTrack, ABS, RBA

Mortgage interest rates

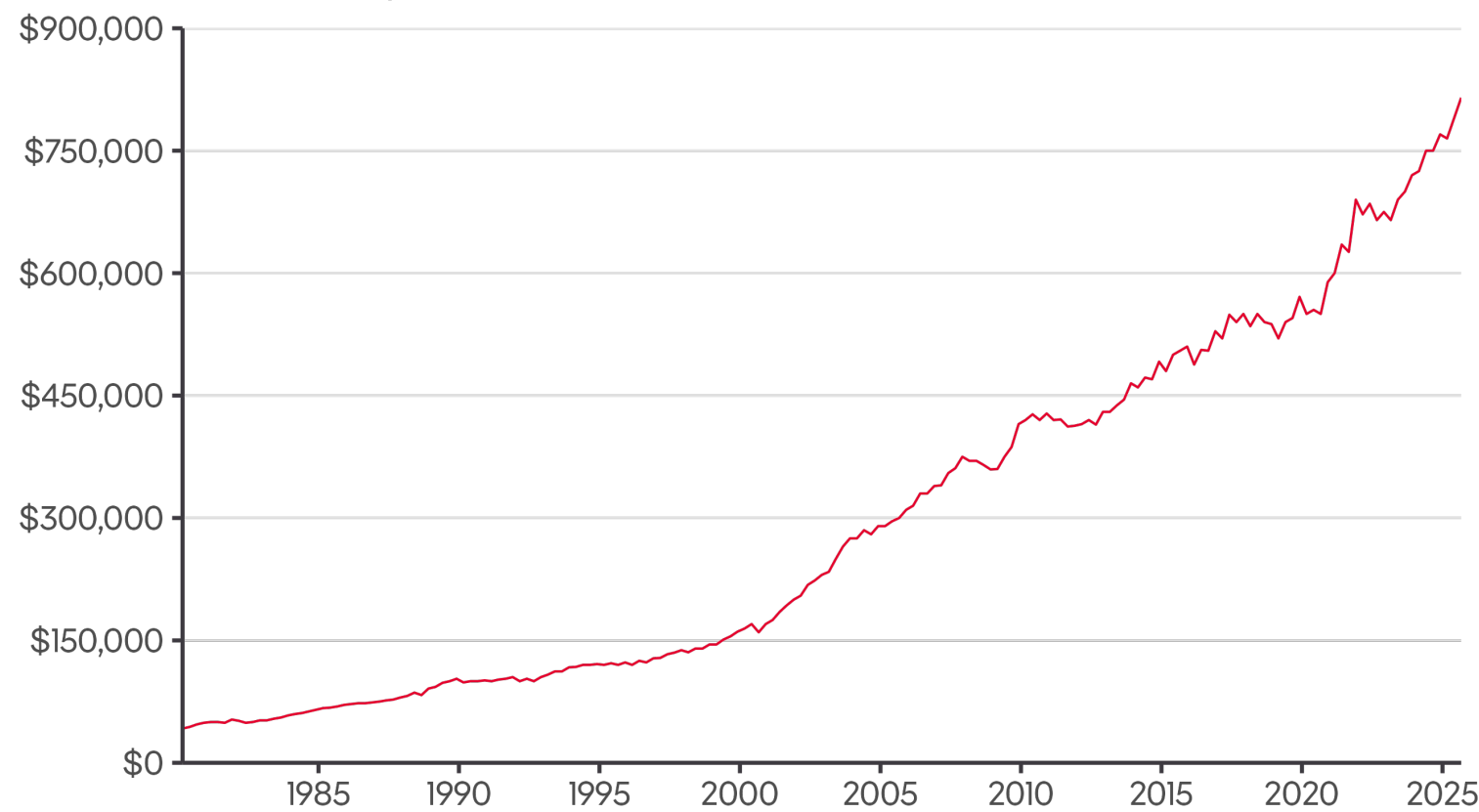
New variable owner-occupier rate



Source: RBA
Note: backcast before July 2019 using standard variable rates

Home prices

National median sale price



Source: PropTrack

Falling mortgage rates and growing wages have boosted borrowing capacity, which has marginally improved affordability

Marginally improved housing affordability reflects the balance of two factors.

Home prices have continued to grow, pushing more homes out of reach for some households. Between 2023/24 and 2025/26, the median home price increased just over 6%.

But this increase in homes prices has been offset by a boost in typical borrowing capacity. Mortgage rates fell from their peak in 2023/24 at 6.3% to 5.8% by the end of 2024/25, on the back of the RBA cutting the cash rate in February and May. The further cut in August will have also increased borrowing capacities. In addition, gross household incomes have grown by an estimated 4.5%.

Combined, higher incomes and lower mortgage rates have boosted borrowing capacity by an average of 9.8%, enough to just offset the increase in home prices, for some buyers.

Faster growth in home prices for more-affordable homes means affordability has not improved for lower-income households

The balance of increased borrowing capacity versus higher home prices has not been uniform.

While mortgage rates have fallen for all households, boosting borrowing capacity across the spectrum, price growth has *not* been uniform.

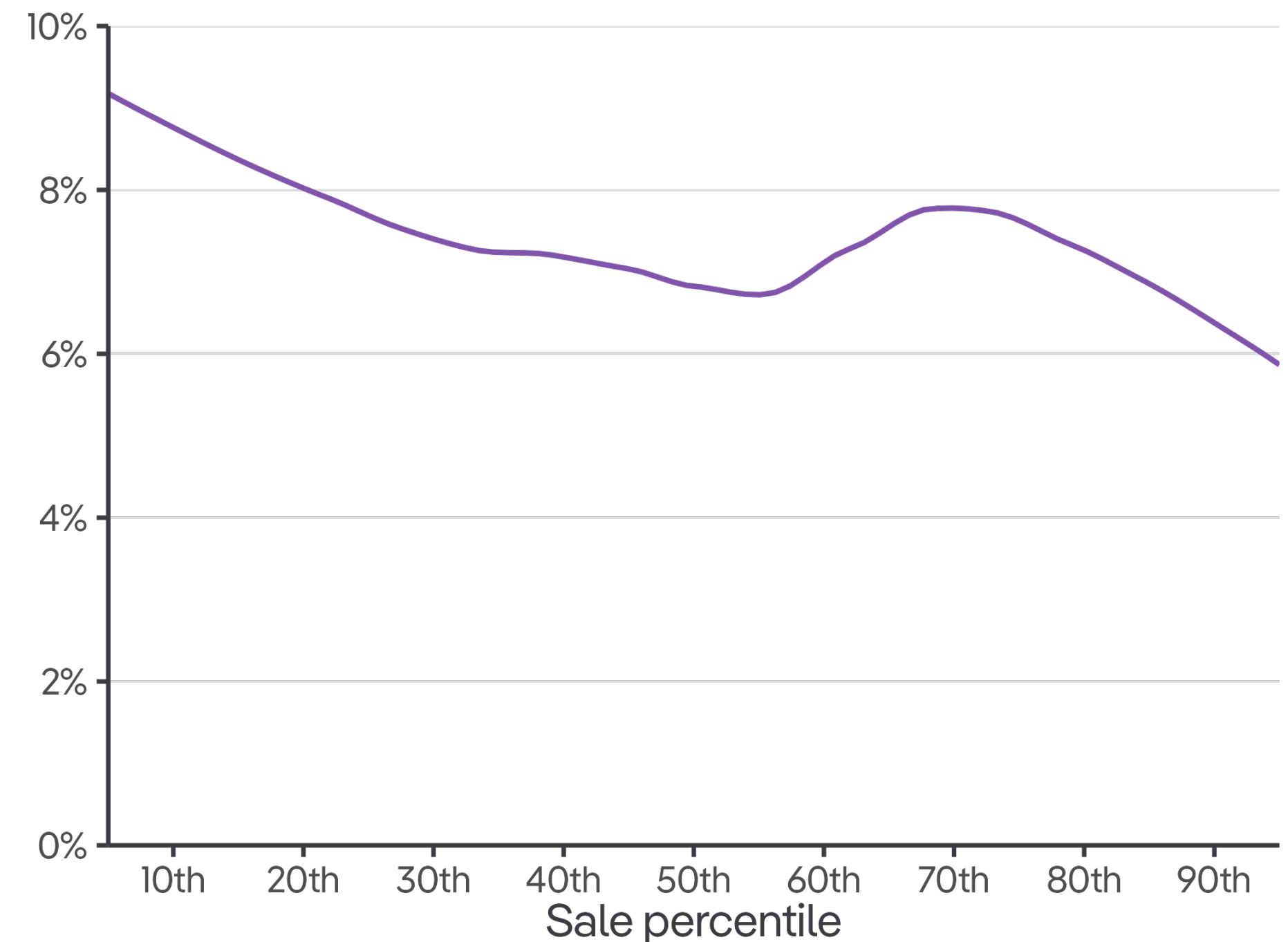
More-affordable parts of the market – where lower- and middle-income households are buying - have seen faster price growth than at the higher end of the market. This disparity is why the share of homes affordable for a typical income household has not increased: price growth has offset the increase in borrowing capacity.

The reverse is true at the more-expensive end of the housing market. Home prices have not increased by as much, which means the increase in borrowing capacity for higher-income households has offset the increase in home prices, making more homes affordable for higher-income households in 2024/25 than in 2023/24.

This disparity is in part a geographical story. More affordable markets like Adelaide, Perth and Brisbane saw much faster price growth in 2024/25. However, the story largely holds true within states as well, though it is less pronounced in NSW and Victoria than in the smaller states.

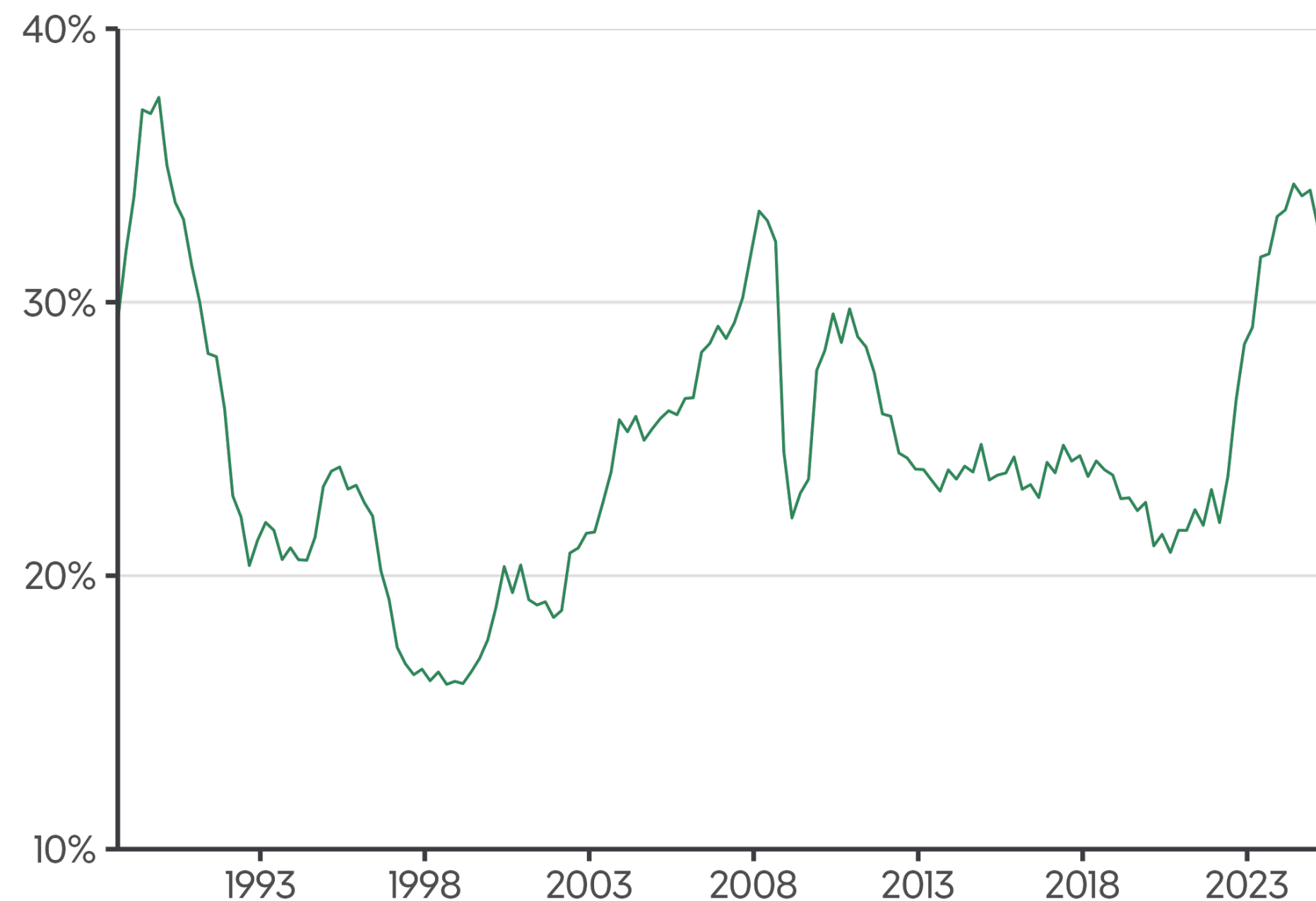
Price growth by sale percentile

FY24 to FY25



Mortgage repayments as a share of income

Australia



Sources: PropTrack, ABS, RBA

Note: For a median-priced home, relative to average household income

Mortgage costs relative to incomes have tempered, but remain very high relative to historical average

Other simple measures of housing affordability also show a similar story: falling mortgage rates and rising incomes have helped defray the mortgage burden, but only marginally.

An average-income household would need to spend about a third of their income (32.7%) on mortgage repayments to buy a median-priced home. This has declined slightly from its peak of 34.3% in the June quarter of 2024.

Nonetheless, the mortgage serviceability burden remains high. It is in line with the March 2008 peak, when mortgage rates briefly reached 8% before the Global Financial Crisis, and not far behind the worst-ever mortgage serviceability recorded in 1989 and 1990, when mortgage rates exceeded 15%.

This measure, while limited only to average-income households and the typical home (which has changed considerably throughout time), paints a similarly stark view of the difficulty for households to service a mortgage in the current housing market.

Saving a deposit remains a substantial hurdle, but has been largely stable in the past year

Even for households who could afford to make mortgage repayments on a prospective home purchase (based on their income), having the wealth for the deposit to get a home loan remains a high barrier. This is particularly true for first-home buyers, who are typically younger and so have not had time to accumulate as much savings as older households.

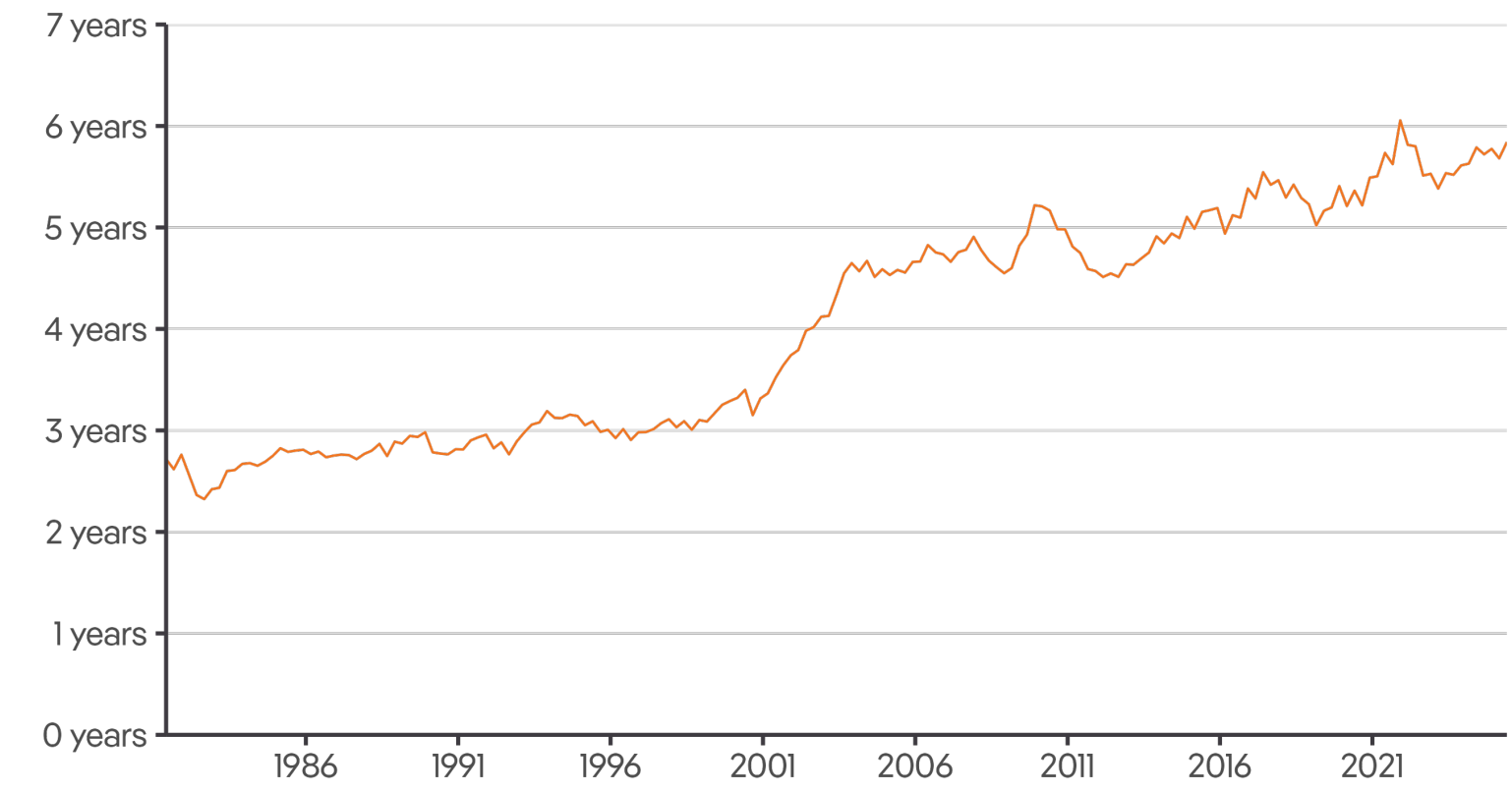
To put the burden of saving a deposit in perspective: an average-income household, saving 20% of their income for a 20% deposit on a median-priced home, would need to save for the equivalent of 5.8 years.

This figure has been mostly unchanged in the past year. However, with the pace of home price growth outperforming income growth over the past year, the time it takes a first-home buyer to save a deposit has increased.

South Australia has eclipsed New South Wales as the state with the highest deposit burden, reflecting its surge in home prices in recent years and its relatively lower average household incomes. The deposit burden in South Australia now represents the equivalent of 7.2 years of saving, compared to 6.8 years in New South Wales. This is a rapid change, as in just 2021, the time to save a deposit in South Australia was just 5 years.

Time to save a deposit

Australia

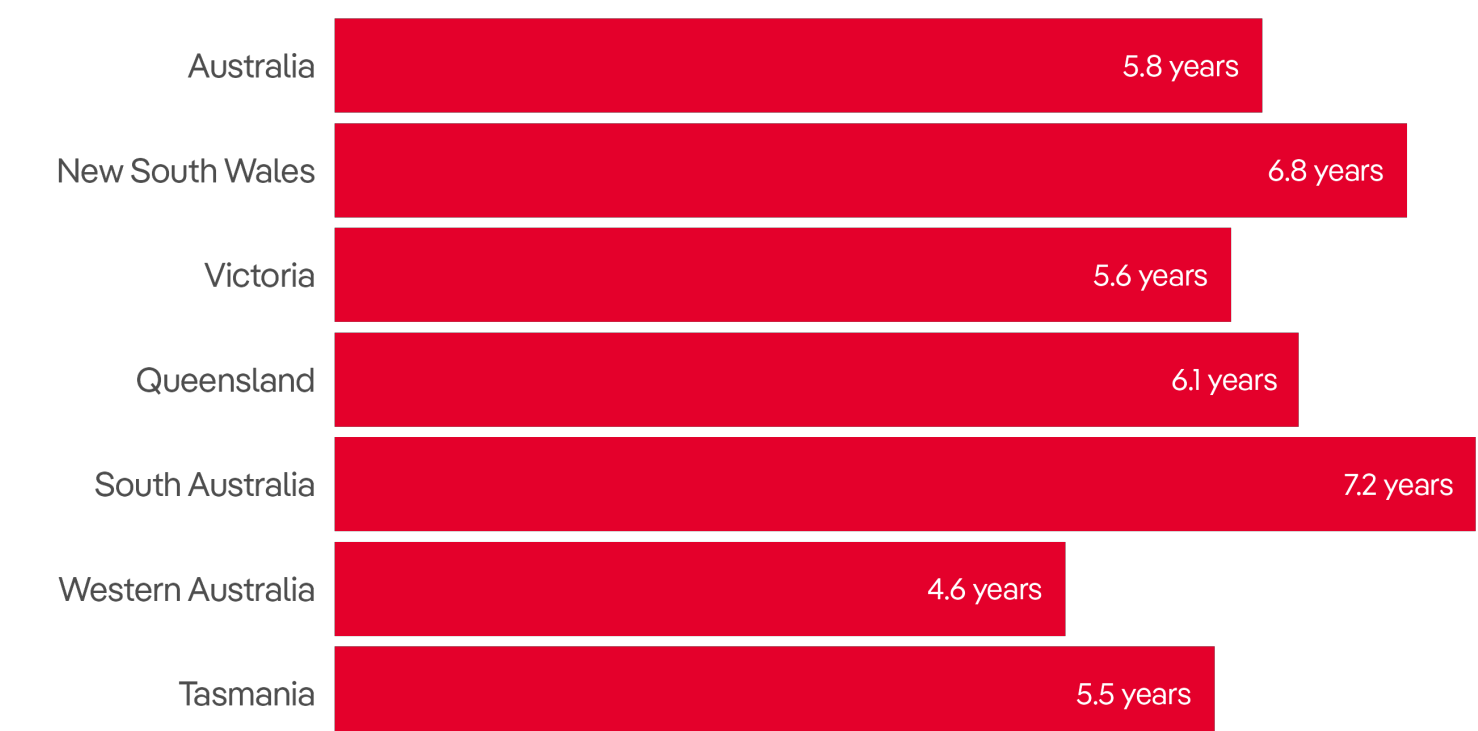


Sources: PropTrack, ABS

Note: 20% of average household income, 20% of median priced home

Time to save a deposit

By state, 2024-25



Sources: PropTrack, ABS

Note: 20% of average household income, 20% of median priced home

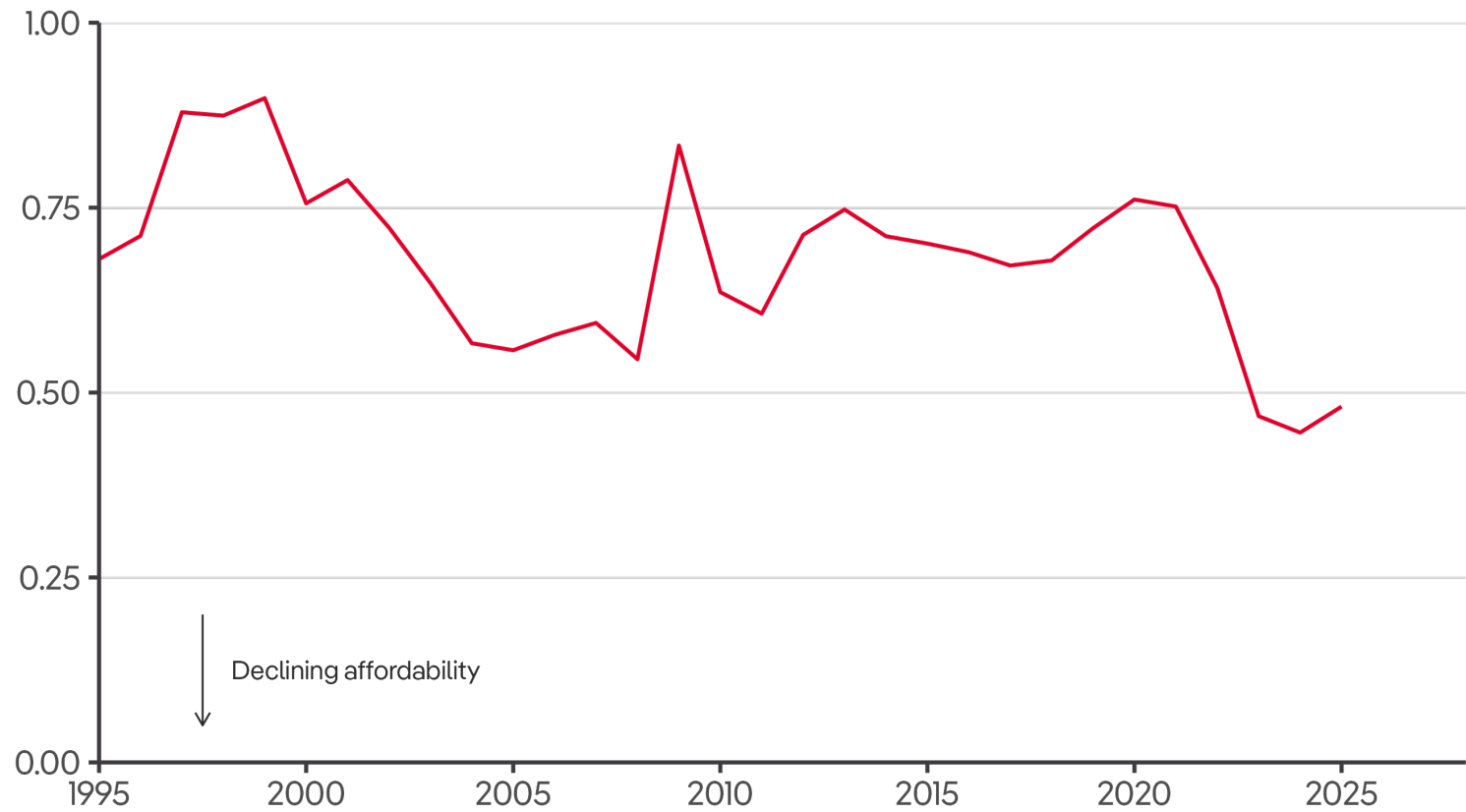
New South Wales

- New South Wales saw a small improvement in affordability over the past year, according to the PropTrack Housing Affordability Index.
- Even so, New South Wales remains the least-affordable state across Australia.
- A median-income household could afford just 11% of homes sold across New South Wales - a small increase from 10% in 2023-24.
- Affordability improved more for higher-income households than for lower- and middle-income households in New South Wales.
- Mortgage repayments for a median-priced home relative to incomes have moderated a little as mortgage rates have fallen, but remain higher than at anytime since the 1990s, at just under 38% of average income.



PropTrack Housing Affordability Index

New South Wales



Sources: PropTrack, ABS, RBA

New South Wales affordability over time

Affordable share of home sales, by household income



Sources: PropTrack, ABS, RBA

Affordability improved marginally in New South Wales in the past year

New South Wales recorded a small improvement in affordability in the past year, according to the PropTrack Housing Affordability Index. Despite this, New South Wales remains the least affordable state in Australia, as it has been for home buyers since 2010-11.

This modest improvement in affordability was driven by slower home price growth in New South Wales – particularly in the back half of 2024 – compared to other capital cities, coupled with increased borrowing capacities due to declines in mortgage rates and income growth.

The small improvement in 2024/25 means affordability is now sitting above its record lows from the past couple of years. However, affordability is significantly lower than in 2020-21 and is still well below the previous low seen in 2007-08.

The improvement in affordability in New South Wales was mostly concentrated among higher-income buyers. Faster home price growth at the more-affordable end of the market between 2023/24 and 2024/25 meant affordability did not improve much for lower- and middle-income households, as price growth worked to mostly offset lower mortgage rates and higher incomes.

A median-income household in New South Wales, which represents about \$120,000 per year, could afford just 11% of homes sold in 2024-25, a marginal improvement from 2023-24, when they could afford just 10%.

High home prices in New South Wales mean it takes longer to save a deposit than elsewhere

Sharply higher interest rates have dramatically increased the costs of servicing a new mortgage in New South Wales in recent years. However, recent rate cuts have started to slowly reduce that cost.

An average-income household would need to spend around 38% of their income to make repayments on a median-priced home, down from a peak of just under 40% in June 2024. This represents the second-highest share of income, behind South Australia, which marks the first time since 2021 that any state has eclipsed New South Wales as the least-affordable state on this measure.

While the serviceability burden has moderated a little from its peak, it remains higher than at any time since the early 1990s, when mortgage rates were as high as 15%.

The time it takes a first-home buyer to save a deposit also remains higher in New South Wales than all other states, except for South Australia, owing to higher home prices.

Although not at a peak, as average incomes have largely kept pace with the slower growth in home prices in recent years, it still takes just shy of 7 years for a household with an average income to save a 20% deposit for a median-priced home, were they to save 20% of their income.

Mortgage Repayments as a share of income

New South Wales



Sources: PropTrack, ABS, RBA

Note: For a median-priced home, relative to average household income

Years to save a deposit

New South Wales



Sources: PropTrack, ABS

Note: 20% of average household income, 20% of median priced home

Victoria

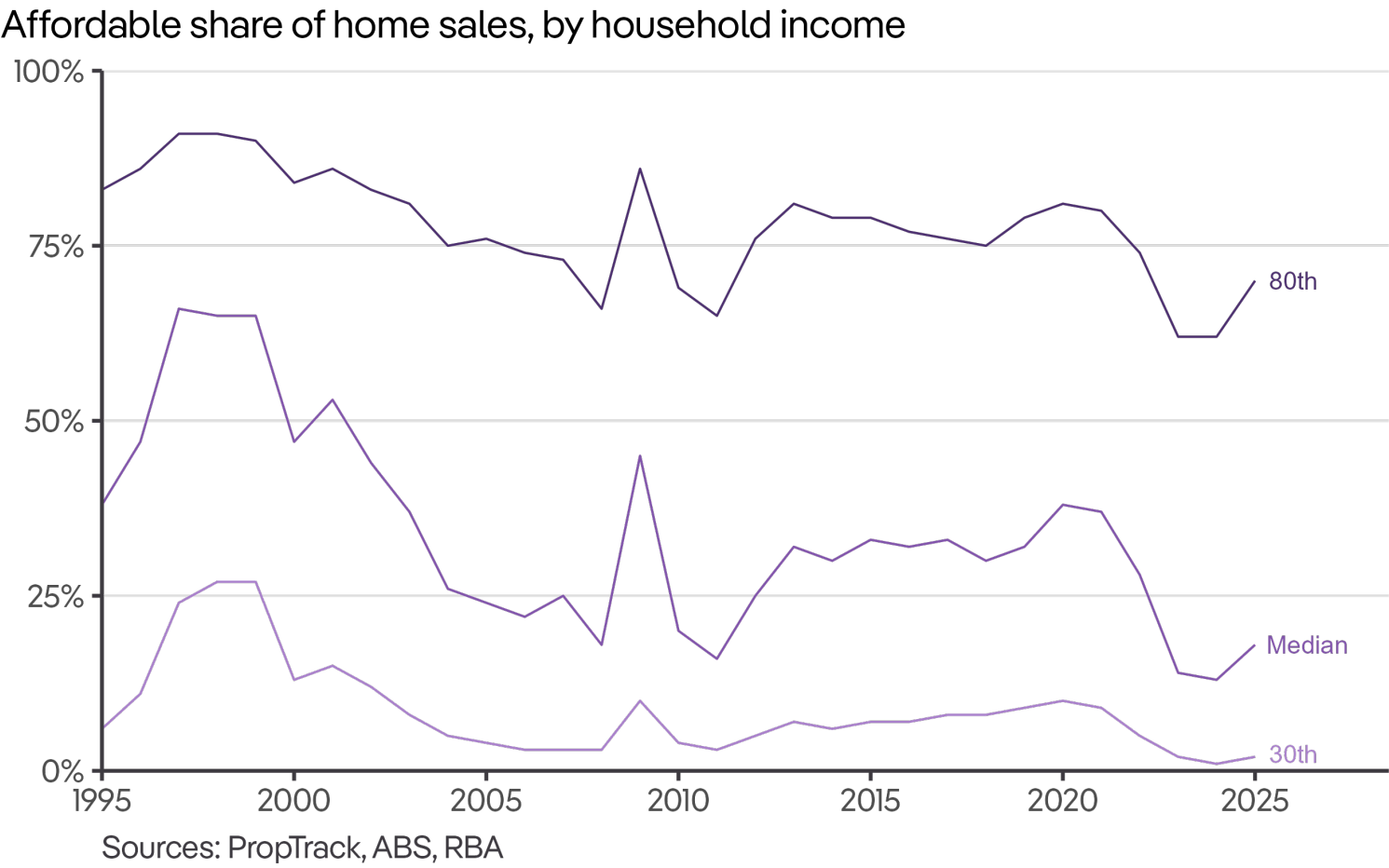
- Affordability in Victoria improved in 2024-25 as interest rates fell and home prices were relatively stable but remains at challenging levels, according to the PropTrack Housing Affordability Index.
- A median-income Victorian household could afford just 18% of homes sold in 2023-24 across the state. While low, it represents an improvement from the 13% that were affordable in 2023-24 and is the highest share of any state.
- Mortgage repayments on a typical new loan eased to 32% of average household income, still high, but down from a peak of 35.5%, driven by lower mortgage rates.
- The deposit burden has eased as incomes have grown at a faster pace than home prices in recent years.



PropTrack Housing Affordability Index



Victoria affordability over time



Affordability improved across Victoria amid falling rates and slower price growth in 2024-25

Housing affordability improved in Victoria in 2024-25. It is now sitting above its record lows of the past couple of years, and above the previous low in 2010-11.

Improved affordability reflects stagnant home prices in Victoria. Between 2023-24 and 2024-25, the median sale price in Victoria was largely unchanged. Meanwhile, falling mortgage rates and growing wages boosted borrowing capacity, making more homes affordable for more households. While that is true for 2024-25 overall, that picture is changing. Home prices have been consistently growing in Melbourne throughout 2025 after falling in 2024.

Households across the income distribution saw affordability improve between 2023-24 and 2024-25. A median-income household, which represents \$120,000 in Victoria, could afford 18% of homes sold in the past year. While still low relative to what has been true historically, it is a notable increase from the 13% that was the case a year ago.

Mortgage repayment costs in Victoria higher than has been typical over the past few decades

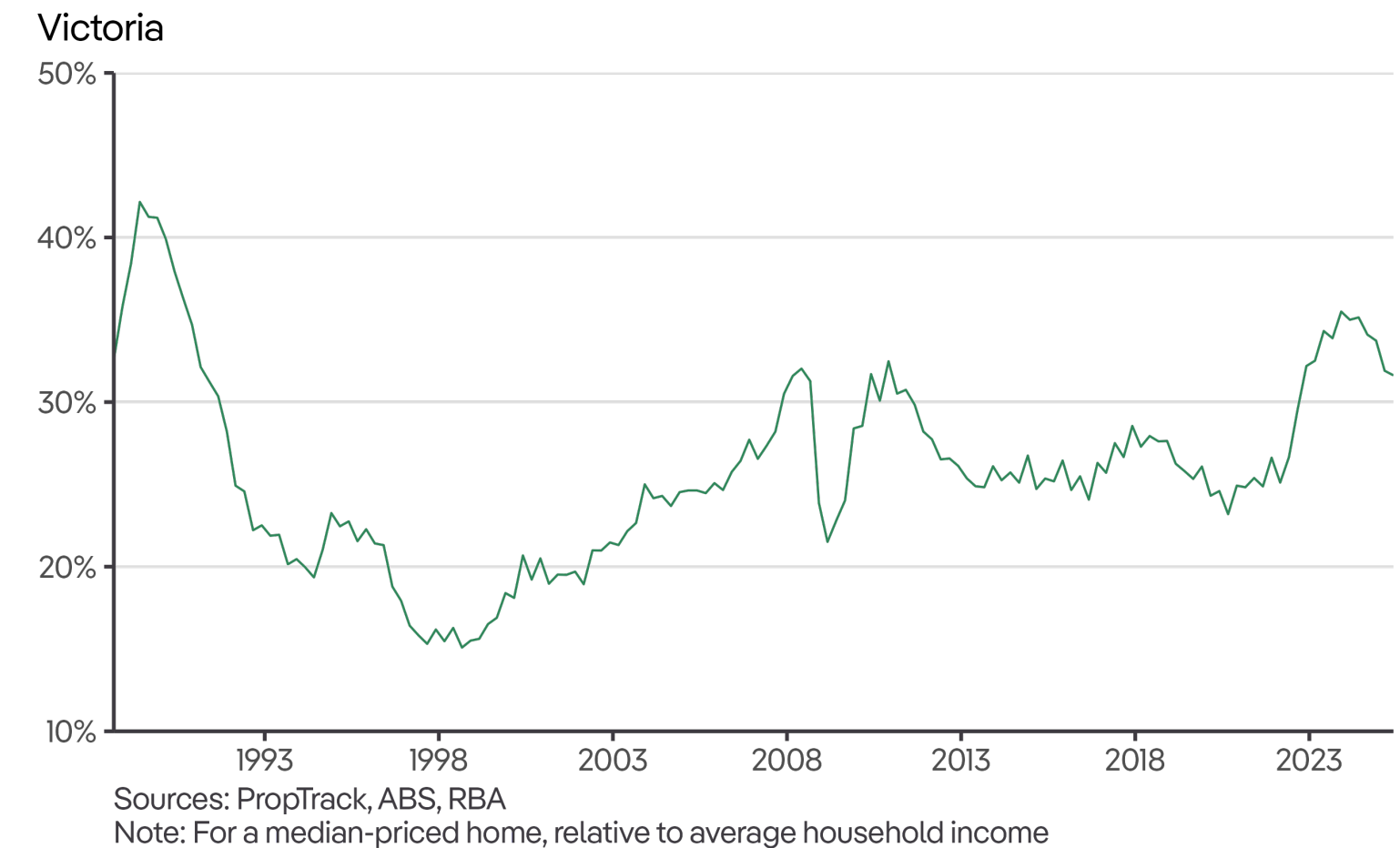
Falling mortgage rates, coupled with slow growth in home prices, have seen mortgage repayment costs decline from their late-2023 peak.

A household earning an average income in Victoria would need to spend 32% of their income on mortgage repayments to afford a median-priced home, down from 35.5% in late 2023. Even so, the current serviceability burden is considerably higher than has been typical over the past few decades and has only just dipped below the last peak in mortgage serviceability in 2008.

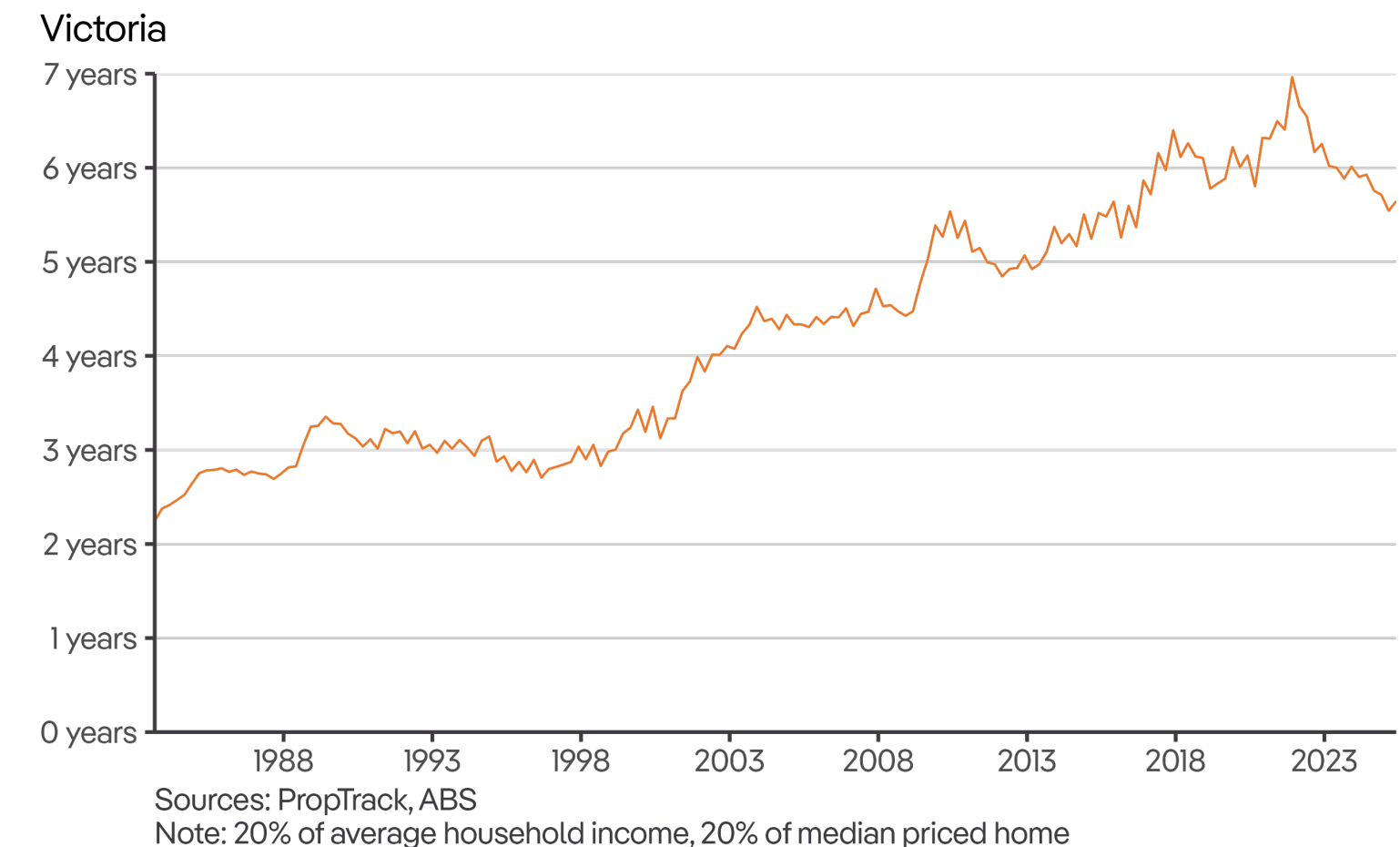
The deposit burden has eased, and continues to do so, with incomes growing faster than home prices. This reflects the soft period for home price growth in Melbourne over recent years. After peaking in March 2022, before the RBA started raising rates, Melbourne home prices took until August 2025 to regain that previous peak.

Despite this, an average income household saving 20% of their income would need to save for 5.6 years for a deposit. While that has fallen from its peak of nearly 7 years in late 2021, it still represents a significant barrier for many aspiring homeowners.

Mortgage Repayments as a share of income



Years to save a deposit

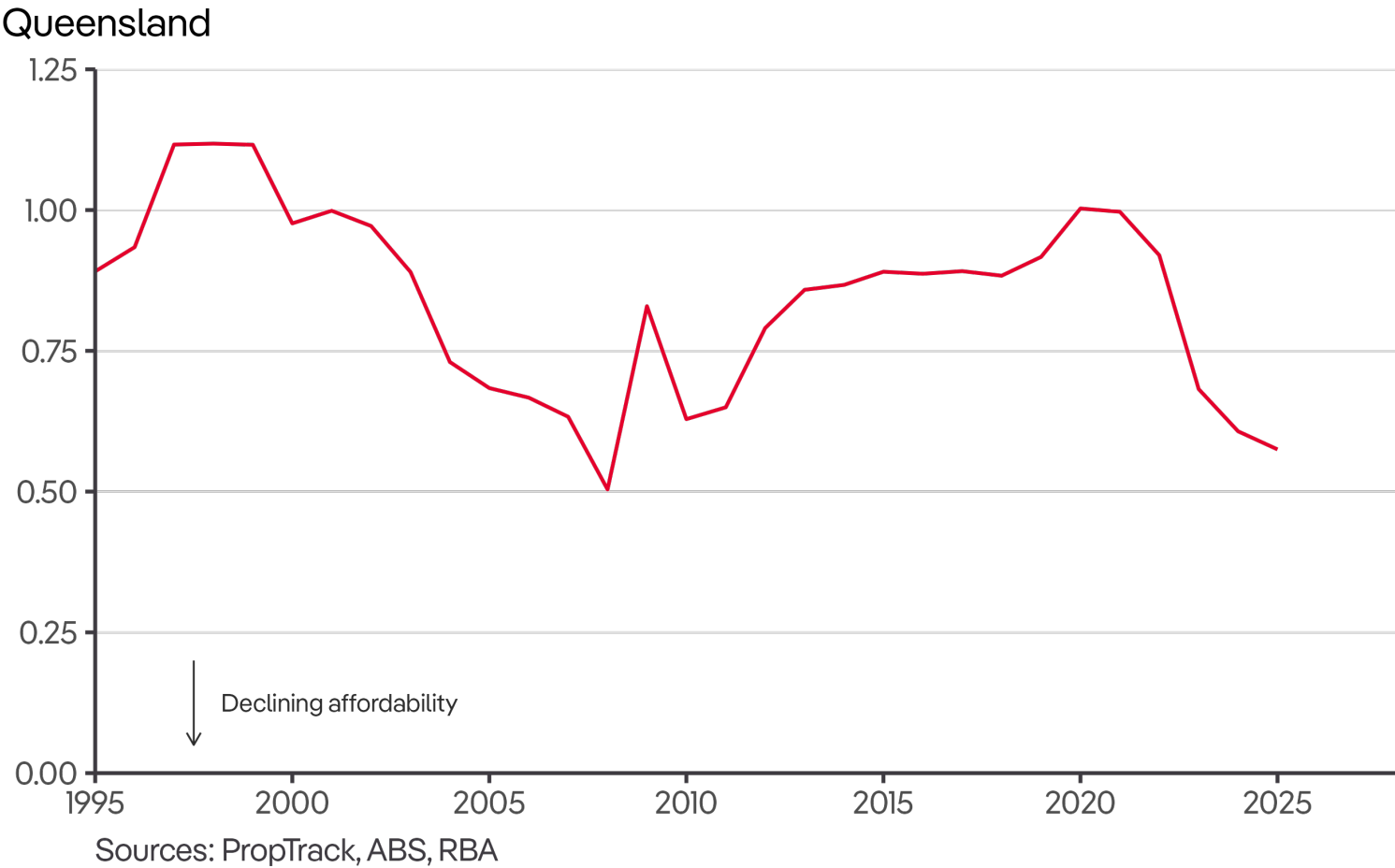


Queensland

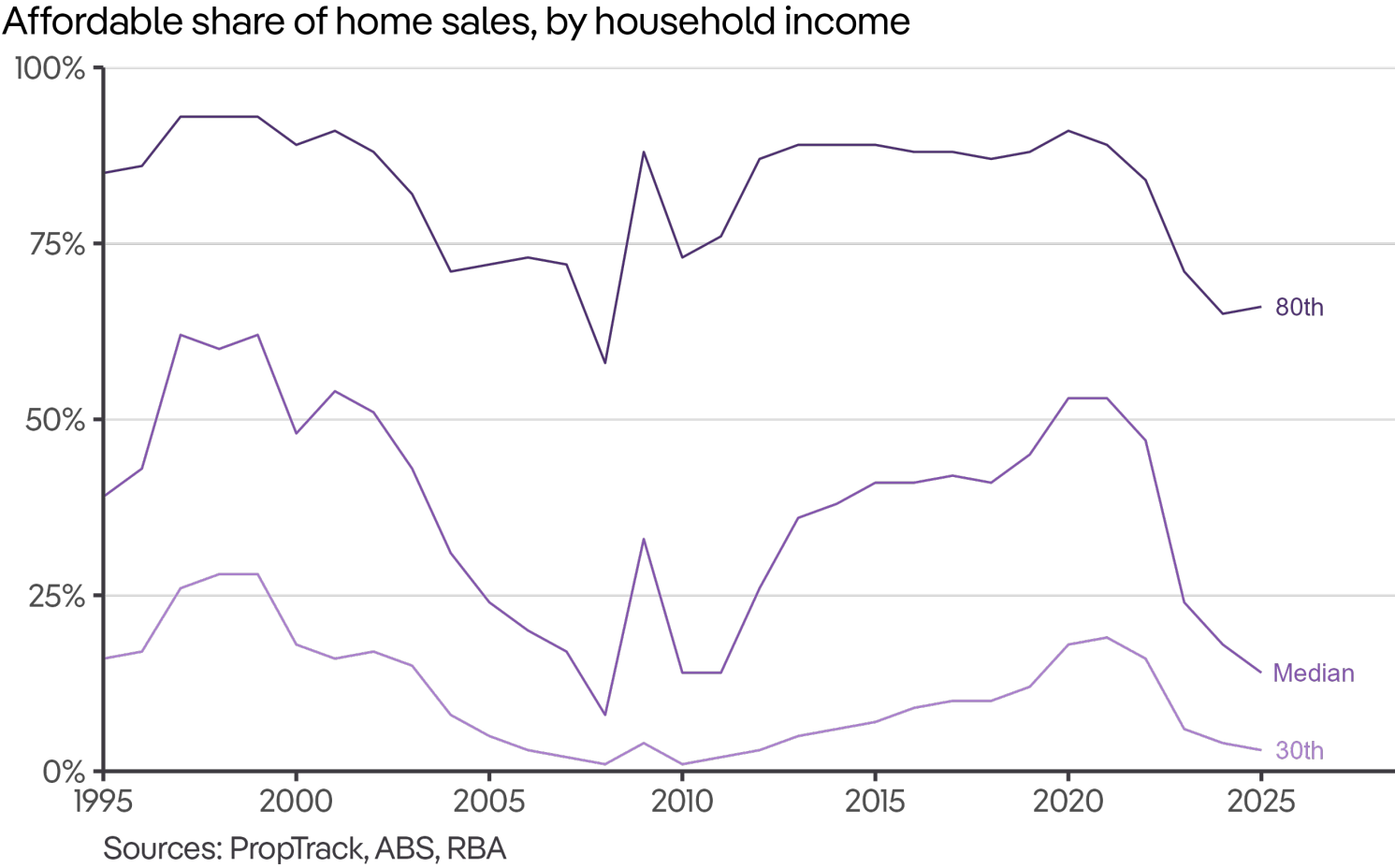
- Queensland's housing affordability fell further in 2024-25, with the state slipping from one of Australia's more-affordable to the third-least affordable, according to the PropTrack Housing Affordability Index.
- Even so, Queensland's housing affordability remains slightly more favourable than in 2007-08.
- A median-income household in Queensland could afford to buy 14% of homes sold over 2024-25, a decline from 18% the year prior, and well below the recent peak of 53% in 2020-21.
- Other measures of affordability tell a similar story. The cost of a mortgage for a typical home remains very high, at 34%, but is still lower than its peak of 36% in 2008.



PropTrack Housing Affordability Index



Queensland affordability over time



Queensland housing affordability continues to worsen, though not as sharply as in recent years

The PropTrack Housing Affordability Index shows that housing affordability across Queensland declined further in the past year. With New South Wales and Victoria seeing improvements, declining affordability in Queensland has seen the state slip below the national average for the first time since 2009-10.

While affordability is far more challenging than it was in the 2010s, these are not the worst affordability conditions Queensland has faced. In 2007-08, when interest rates were over 8%, Queenslanders across the income distribution could afford a smaller share of homes.

Faster home price growth at the more-affordable end of the market has seen affordability for lower- and middle-income households decline further, despite lower mortgage rates. A typical-income household in Queensland, earning just under \$115,000 per year, could afford 14% of homes sold in the past year, down from 18% in 2023-24.

In contrast, higher-income households have seen a small improvement. A household at the 80th income percentile – earning just under \$220,000 – could afford 66% of homes, up from 65% in 2023-24.

Mortgage costs remain around their highest level in 15 years

The cost of mortgage repayments for a typical new home has remained near its peak, as higher home prices have offset declines in interest rates.

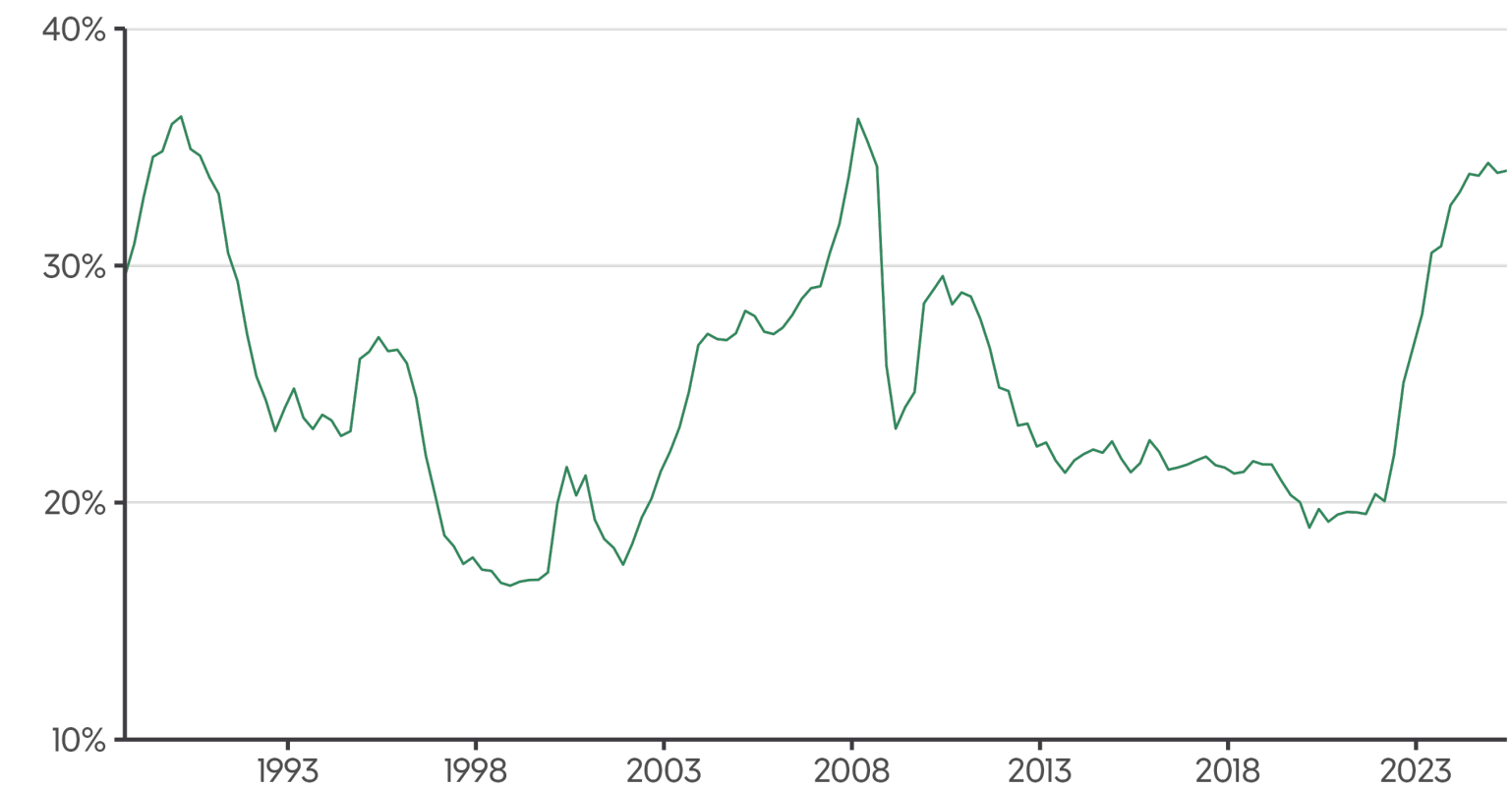
The repayments on a median-priced Queensland home represent around 34% of average Queensland household income. That has declined very slightly from its peak at the end of 2024, as successive interest rate cuts, combined with income growth, have worked to offset higher home prices.

Nonetheless, mortgage repayments remain very high compared to what has been typical over the past decade or so. Though, the current burden remains below the peaks seen in 2008 and 1990, when new mortgage repayments on a median-priced home represented 36% of average Queensland incomes.

The time it takes to save a deposit for first-home buyers has continued to increase, now sitting at just over 6 years – the highest level on record and well exceeding the last peak in 2008-09.

Mortgage Repayments as a share of income

Queensland



Sources: PropTrack, ABS, RBA

Note: For a median-priced home, relative to average household income

Years to save a deposit

Queensland



Sources: PropTrack, ABS

Note: 20% of average household income, 20% of median priced home

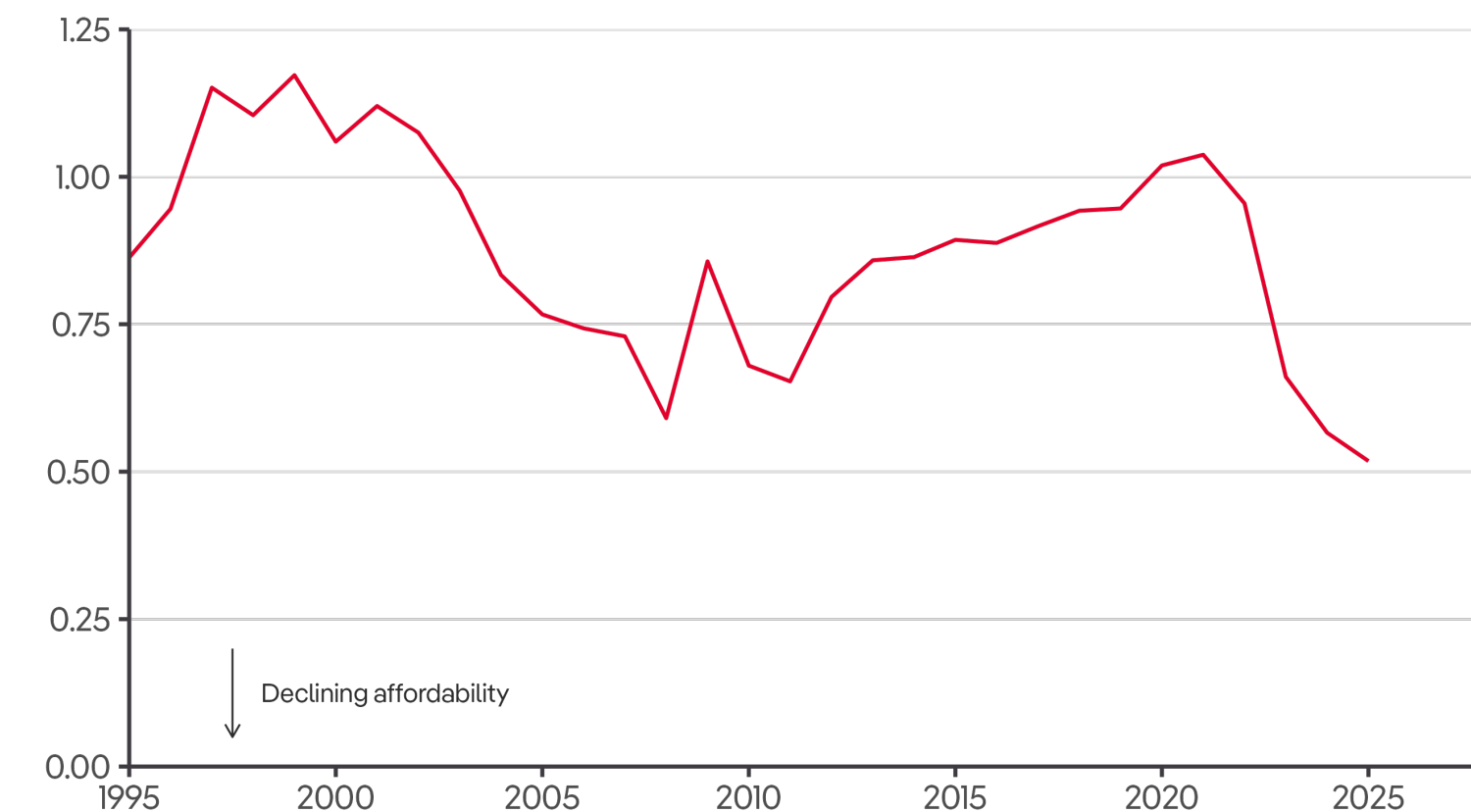
South Australia

- On all measures, housing affordability in South Australia is at a record low.
- According to the PropTrack Housing Affordability Index, households across the income distribution can afford fewer homes than a year ago, from an already challenging position.
- That decline in affordability has pushed South Australia to the second-least affordable state in Australia, only just behind New South Wales.
- A median-income household could afford to buy just 10% of homes sold in 2024-25.
- Alternative affordability measures show a similar story - mortgage repayments for a median-priced home as a share of average income have surged to the highest in the country at 40%.



PropTrack Housing Affordability Index

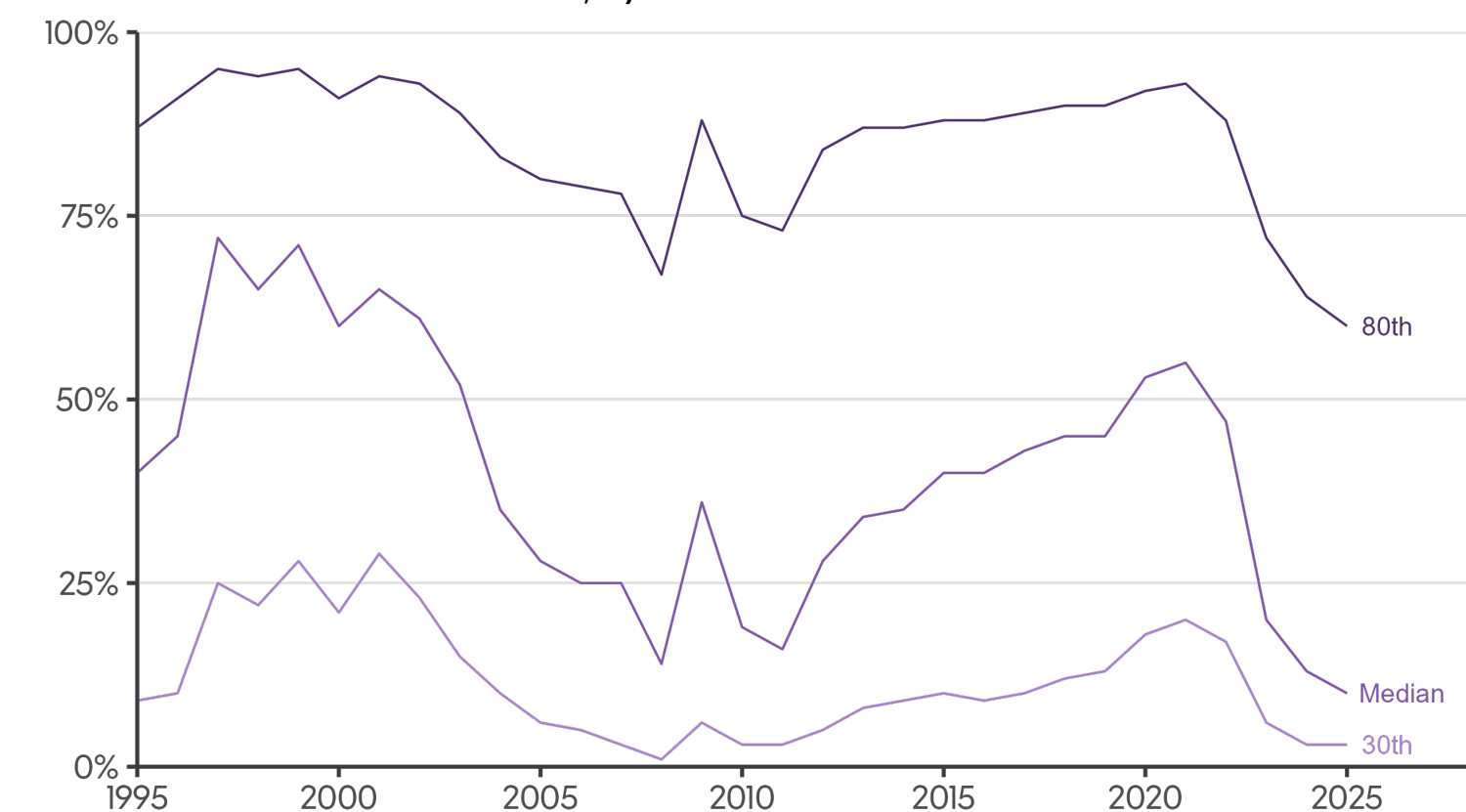
South Australia



Sources: PropTrack, ABS, RBA

South Australia affordability over time

Affordable share of home sales, by household income



Sources: PropTrack, ABS, RBA

Surging home prices have driven affordability to a new record low in South Australia

Housing affordability is at its worst level on record in South Australia, according to the PropTrack Housing Affordability Index. Households across the income distribution can afford the smallest share of homes at any time since 1994-95, when records began.

Exceptionally strong home price growth across South Australia – with prices having roughly doubled since early 2020 – has led to housing affordability conditions deteriorating sharply, from the best levels seen since the early 2000s, to the worst levels on record.

That rapid and ongoing deterioration in housing affordability has also seen South Australia go from the second-most affordable state as recently as 2021-22, to the second-*least* affordable today.

Underscoring the challenge of housing affordability, a median-income household in South Australia, which represents just under \$97,000 per year, could afford 10% of all homes sold across the state. This is down from 13% the year before, and from 55% in 2020-21.

While lower mortgage rates and income growth are helping defray mortgage costs, home prices have grown faster than the increase in borrowing capacity, driving affordability lower.

Mortgage costs are at the highest level on record in South Australia

Mortgage servicing costs and housing accessibility are sitting around their highest-ever levels for South Australians.

Mortgage repayments for a median-priced home in South Australia have surged further in the past year to 40% of average household income in June, and were even higher in March at 41%, the highest level on record.

Those levels are far higher than the peaks reached in 2008 and 1990, pushing South Australia ahead of New South Wales on this measure of affordability. While lower mortgage rates and income growth have helped, ongoing strong home price growth has more than offset these factors.

The story is similar for the deposit burden. Today, it would take 7.2 years for an average-income household to save a 20% deposit on a median-priced home. This is higher than at any other time on record for South Australian buyers, and higher than any other state.

On all measures, housing affordability is at a record low in South Australia in 2024-25.

Mortgage Repayments as a share of income

South Australia

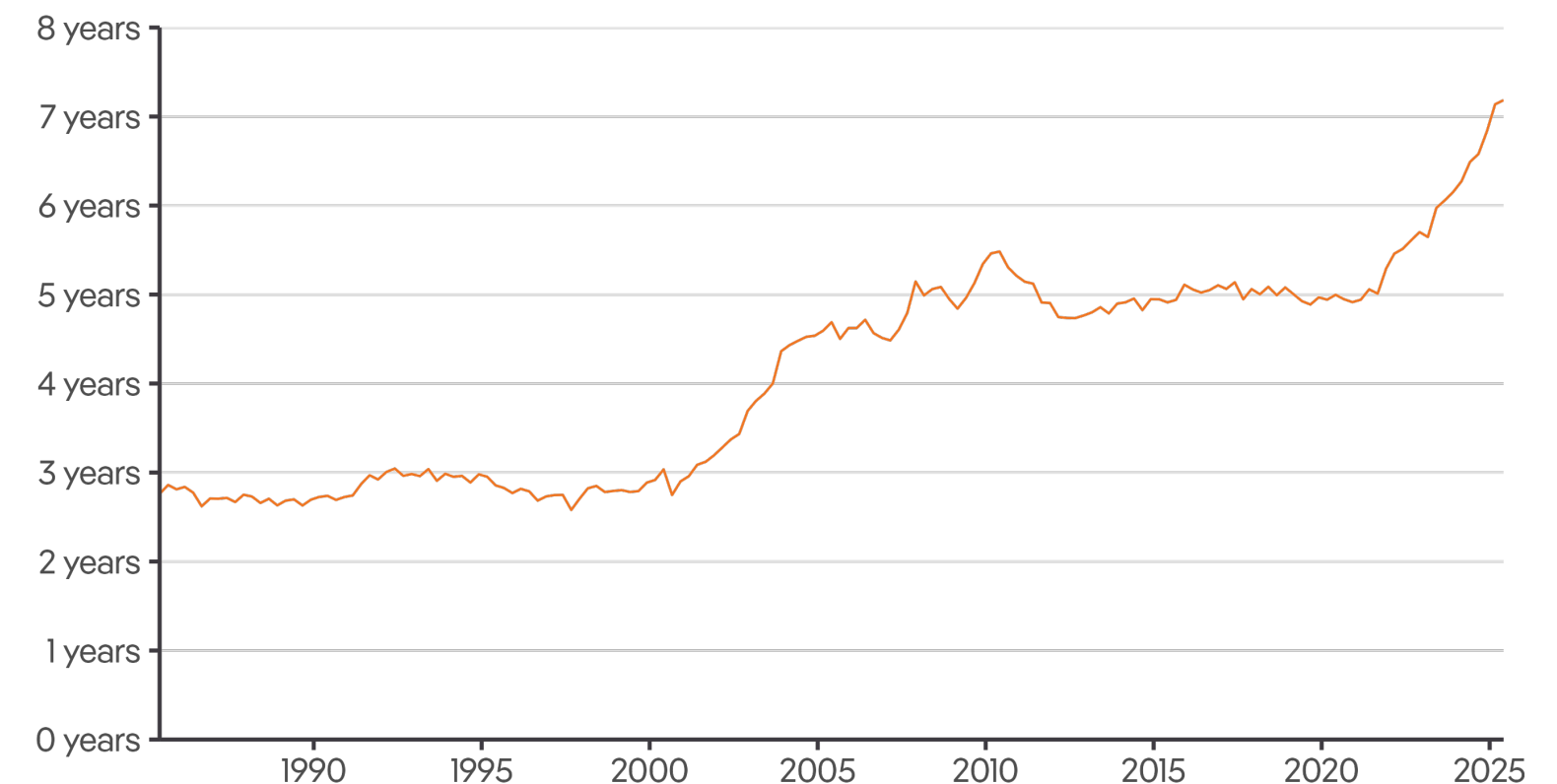


Sources: PropTrack, ABS, RBA

Note: For a median-priced home, relative to average household income

Years to save a deposit

South Australia



Sources: PropTrack, ABS

Note: 20% of average household income, 20% of median priced home

Western Australia

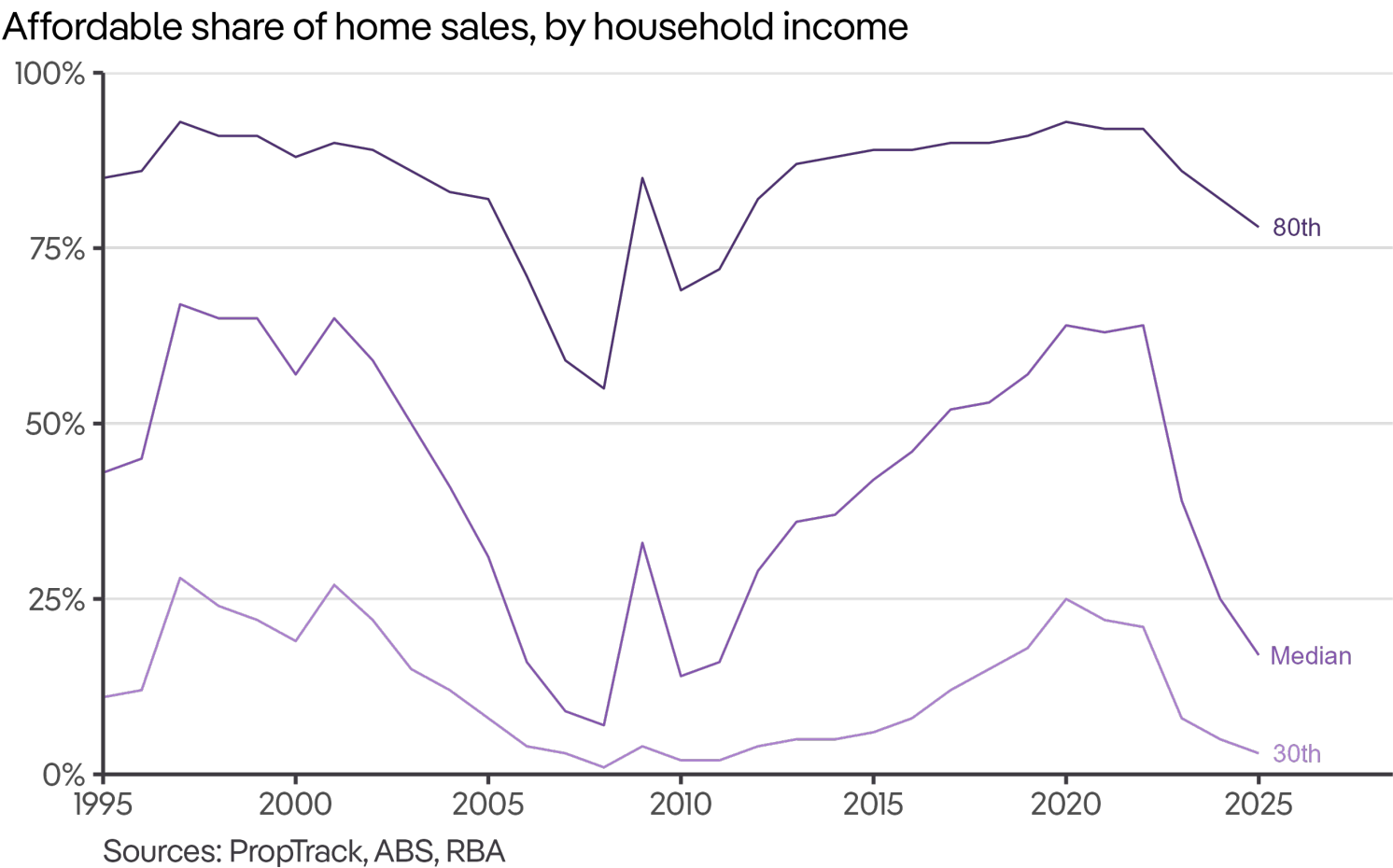
- Western Australia remains Australia's most-affordable state, according to the PropTrack Housing Affordability Index, despite home price growth significantly reducing affordability over recent years.
- A median-income household could afford to buy 17% of homes sold over the past year, a sharp decline from 25% a year ago.
- Mortgage costs for a typical home, at just 26% of average household income, remain low compared to the rest of the country.



PropTrack Housing Affordability Index



Western Australia affordability over time



Western Australia is the most affordable state in the country

Western Australia is still Australia’s most affordable state, according to the PropTrack Housing Affordability Index, though affordability worsened at a rapid pace in 2024-25.

Western Australia has been the most affordable state since 2018-19, following a long period of home price falls across the state. However, the gap between Western Australia and other states has narrowed significantly, and while Western Australians can still afford a larger share of homes than other states, it is not far from being less affordable than Victoria.

This decline in affordability in recent years is reflected in the sharp fall in how many homes a median-income household in WA could afford in 2025. A typical-income household, earning a little over \$121,000 per year, could afford just 17% of homes - a large drop from the 25% share a year ago, and the peak share of 64% in 2021-22.

That 17% is actually *lower* than the share of homes a typical-income Victorian household can afford. However, affordability is better for higher-income households in Western Australia than in Victoria, which is why overall affordability is (slightly) better.

It is easiest to save a deposit in Western Australia, but mortgage costs have returned to 2011 levels

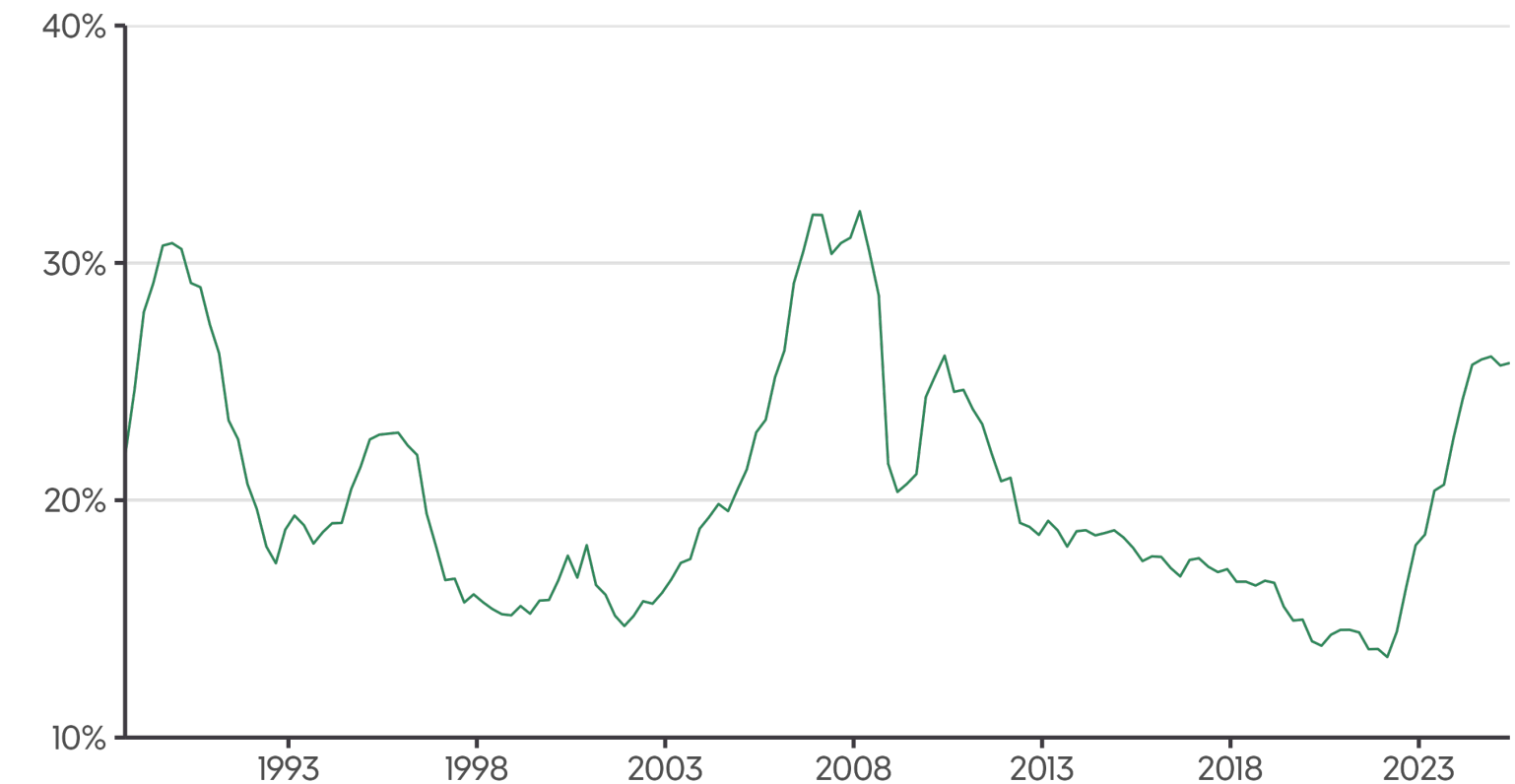
The time it takes a first-home buyer to save a deposit in Western Australia has increased rapidly in recent years, with home prices having roughly doubled since the start of the pandemic. Even so, the time to save a deposit is lower than other states, at 4.6 years, compared to an Australia-wide average of 5.8 years. This is also much lower than the period before the Global Financial Crisis, when an average income household would need to have saved for more than five years.

Similarly, while mortgage costs have increased sharply in recent years as mortgage rates have increased, mortgage repayments on a median-priced home relative to average income remain lower than other states at 26%, in part because of Western Australia's high average income.

While home prices have risen rapidly in recent years, and affordability deteriorated sharply, Western Australia remains the country's most affordable state – though by a smaller margin than in recent years. That is likely to continue to make Western Australia attractive to prospective buyers and support home prices.

Mortgage Repayments as a share of income

Western Australia



Sources: PropTrack, ABS, RBA

Note: For a median-priced home, relative to average household income

Years to save a deposit

Western Australia



Sources: PropTrack, ABS

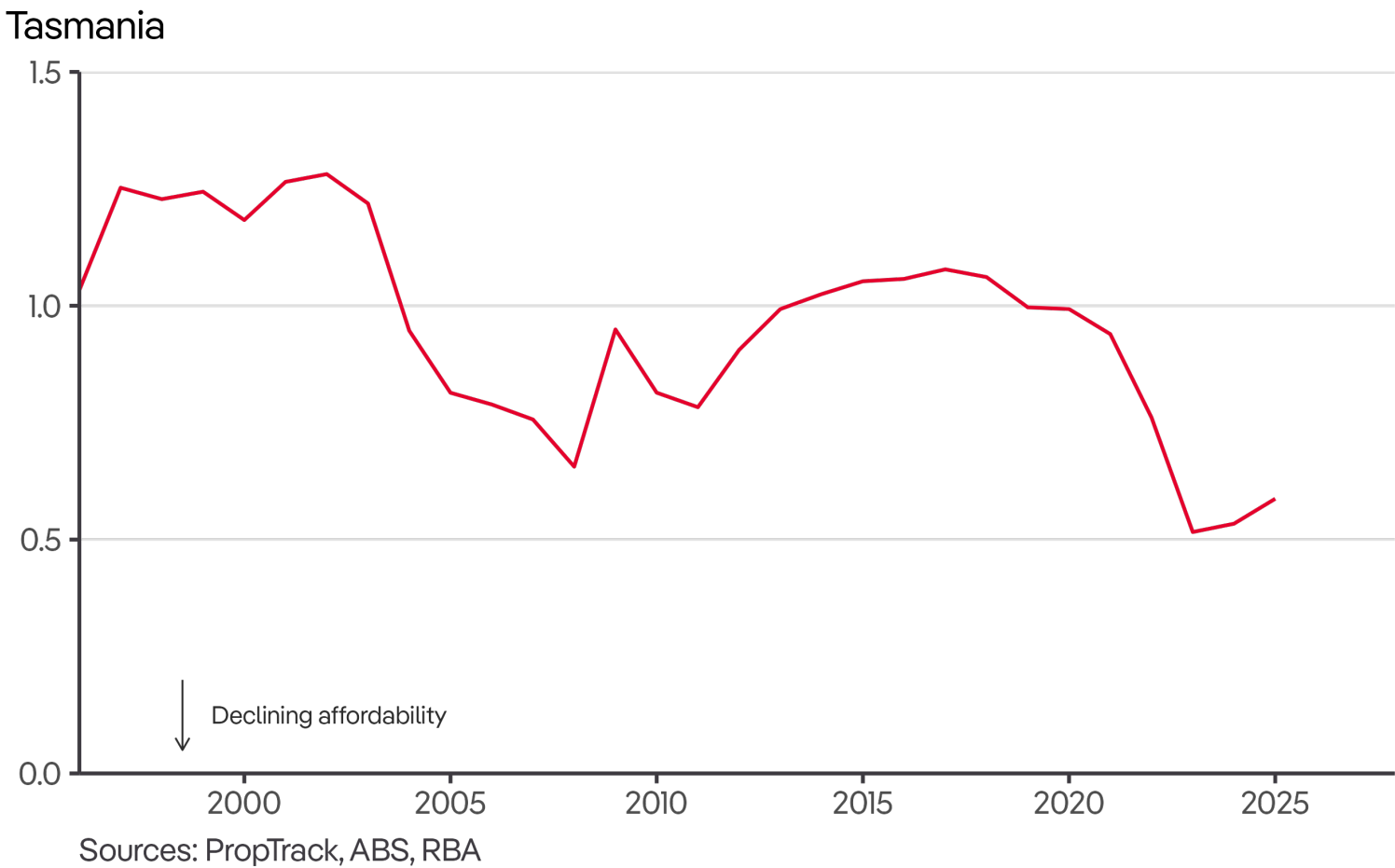
Note: 20% of average household income, 20% of median priced home

Tasmania

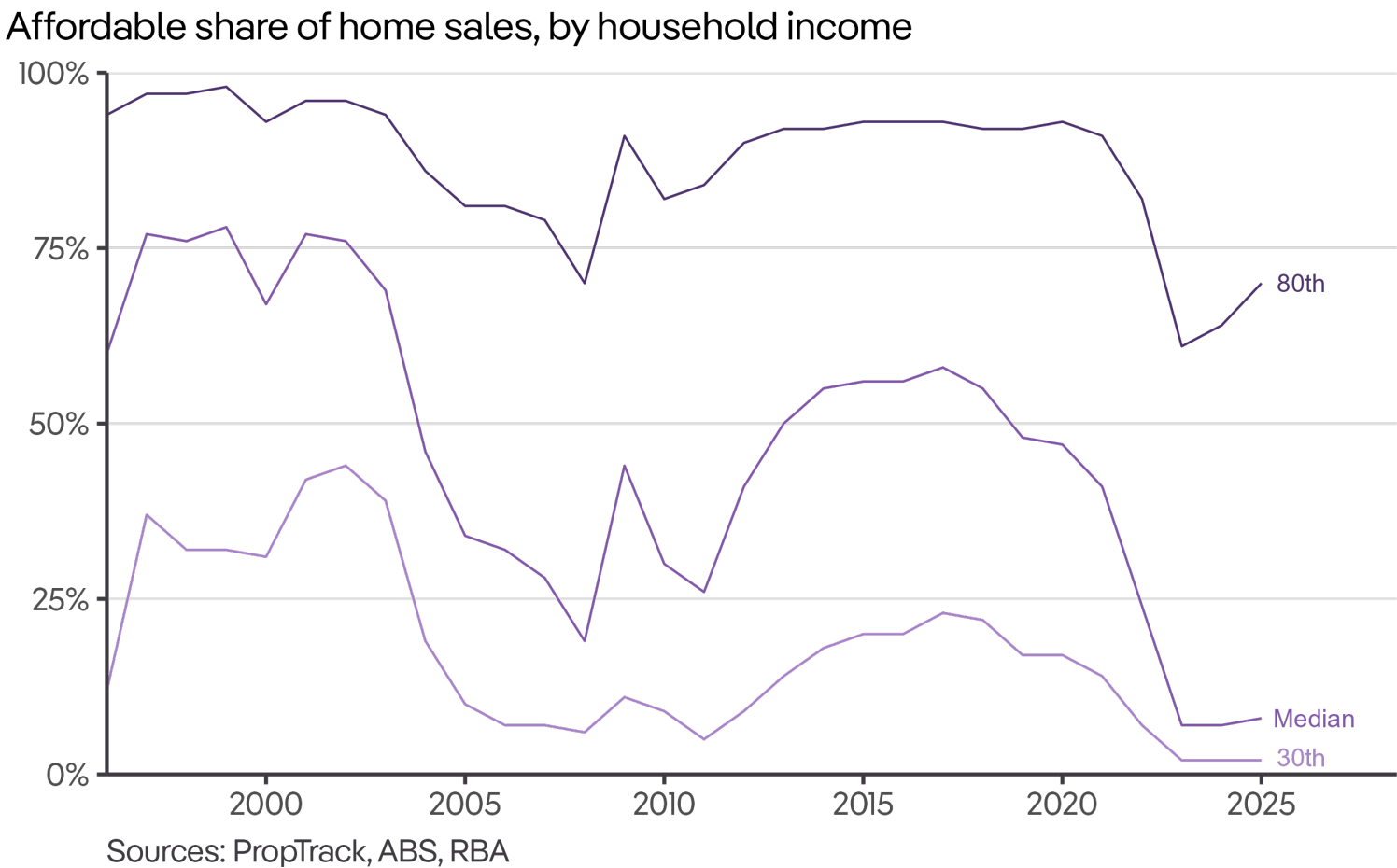
- Housing affordability improved modestly in Tasmania in 2024-25, the second consecutive year of small improvement, according to the PropTrack Housing Affordability Index.
- Tasmania has moved from the second-least affordable state in Australia in 2022-23 and 2023-24 to the third-most affordable.
- That improvement has been driven by declining mortgage rates alongside softer home price growth in recent years.
- Even so, affordability remains very tough - a median-income household could afford just 8% of homes sold over the past year.
- Mortgage repayments for a median-priced home as a share of income have also moderated from their peak as mortgage rates have come down but remain high relative to history.



PropTrack Housing Affordability Index



Tasmania affordability over time



Housing affordability improved modestly again in the past year

Tasmania saw its second year of modest improvements in housing affordability in 2024-25, according to the PropTrack Housing Affordability Index. Even so, affordability remains challenging and has improved only a little from its record low levels in 2022-23.

Those small improvements in affordability in the past two years, and the fact that Queensland and South Australia have continued to get less affordable in recent years, mean Tasmania has moved from the second-least affordable state in 2022-23 and 2023-24 to middle of the pack.

While affordability has improved, it remains very challenging. A typical-income household in Tasmania, which represents about \$85,000 per year, could afford around 8% of homes sold in the past year - the lowest of any state, but a modest improvement from recent years.

However, affordability is better for higher-income households in Tasmania. The highest-earning fifth of households (about \$175,000 per year) can afford 70% of homes – the second-highest of any state, behind Western Australia.

Improvements in housing affordability have been driven by home price falls over 2022-23 and 2023-24 and modest growth in 2024-25, coupled with boosted borrowing capacity due to falling rates.

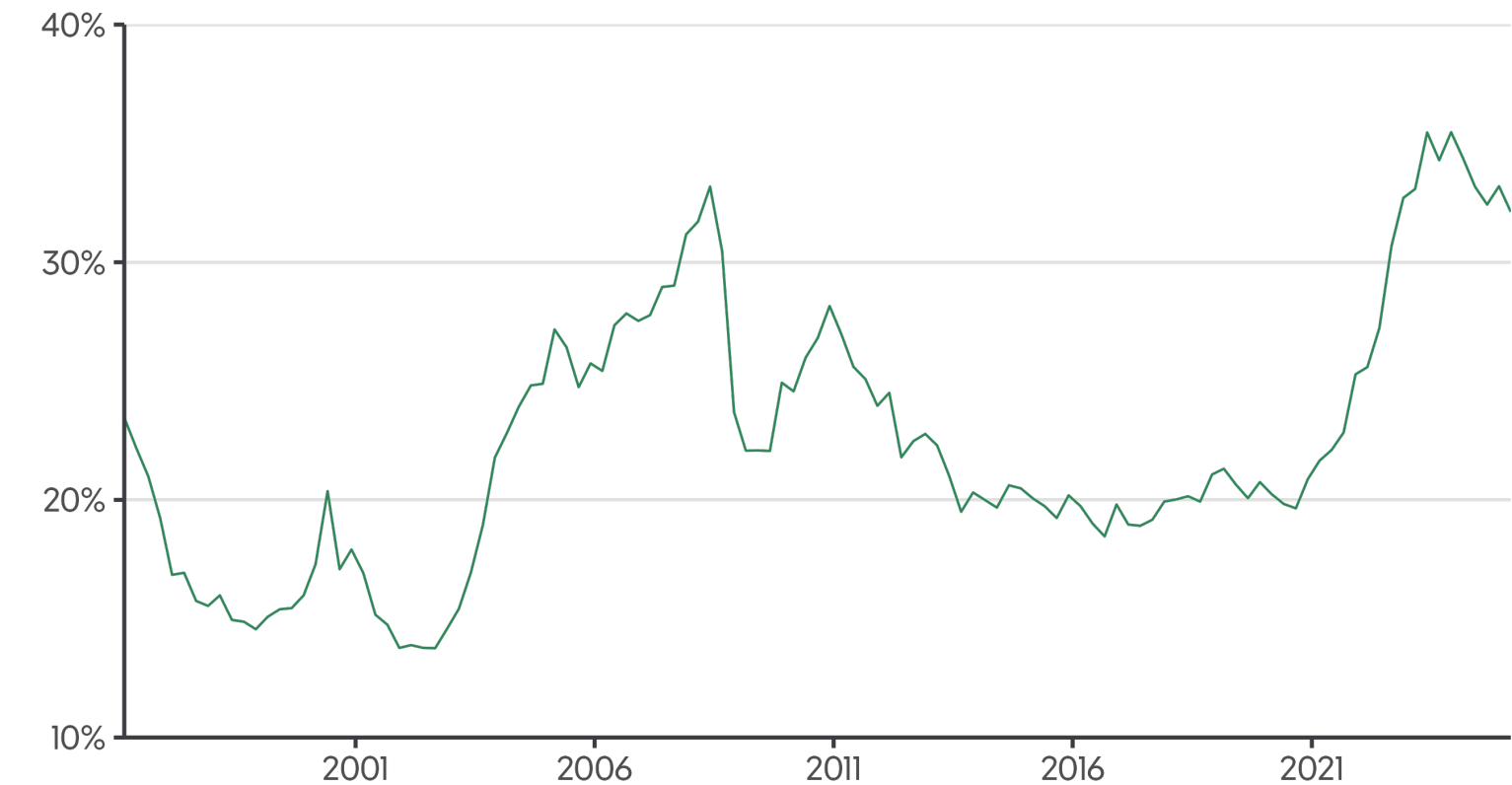
Mortgage costs in Tasmania hit record high

Mortgage repayments moderated further in 2024-25 in Tasmania, though they remain high relative to typical levels. An average-income household would need to spend 31% of their income on mortgage repayments for a median-priced home, down from a peak of 35.5% in mid 2023. That decline reflects lower mortgage rates on the back of RBA interest rate cuts, and modest home price declines between 2022 and 2024, though those have turned around in 2025.

The time needed to save a deposit has eased since its peak in early 2022, as home prices have declined and incomes have increased. However, it has been more stable in recent months, with prices increasing in Tasmania again. Those declines in recent years mean that, at 5.5 years, the deposit burden in Tasmania is now slightly lower than the national average – a reversal of the state of affairs in recent years.

Mortgage Repayments as a share of income

Tasmania



Sources: PropTrack, ABS, RBA

Note: For a median-priced home, relative to average household income

Years to save a deposit

Tasmania



Sources: PropTrack, ABS

Note: 20% of average household income, 20% of median priced home

Methodology

PropTrack Housing Affordability Index

The PropTrack Housing Affordability Index summarises the share of home sales that households across the income distribution could afford to buy, at prevailing mortgage assessment rates.

- **Share of homes that are affordable:** the share of home sales across each financial year, excluding vacant land, that fall below the price at which the household would be spending 30% of their gross income on mortgage repayments, assuming the household already had a 20% deposit, and ignoring the costs of purchase (including stamp duty).
- **Assessment mortgage rate:** the average new mortgage rate for owner occupiers on variable rate loans prevailing at the end of the financial year, published by the Reserve Bank of Australia (RBA). Prior to 2019, this rate is backcast using the RBA's indicator lending rate for owner-occupier variable rate loans. A constant buffer of 2.5ppt is added to this mortgage rate to estimate borrowing capacities for households across the income distribution.
- **Household income:** gross household income at the top of each income percentile, calculated from the Australian Bureau of Statistics (ABS) *Survey of Income and Housing* Confidentialised Unit Record Files. Incomes are linearly interpolated between survey years and extrapolated using changes in gross household income from the annual ABS Australian National Accounts and the ABS Wage Price Index.

To calculate the PropTrack Housing Affordability index, we take the share of home sales in each financial year that are affordable for each household income percentile (from 1 to 99). The shares at each percentile are then aggregated into the summary index measure for each financial year using the formula:

$$index = 1 - \frac{\sum (X_i - Y_i)}{\sum X_i}$$
 where X_i is the income percentile (e.g. 10) and Y_i is the share of home sales that are affordable for that income percentile.

Mortgage repayments relative to average household income

Mortgage repayments relative to income is calculated as: mortgage repayments for a 30-year mortgage at an 80% loan-to-valuation ratio for a median-priced home, relative to average household compensation of employees for the relevant geographical region.

- **Median prices** are quarterly median sales prices from PropTrack, sourced from Valuer Generals and agent advised sale results.
- **Mean household income** is calculated as compensation of employees divided by the number of households from the Census (interpolated and extrapolated using Chow-Lin interpolation and quarterly Estimated Resident Population data); mean household income includes employer superannuation payments.
- Income measures are grown forward from their last observation to the most recent quarter using the Wage Price Index.
- **Mortgage repayments** are calculated using the same mortgage interest rate series as the PropTrack Housing Affordability Index, but do not add a buffer rate.

Time to save a deposit

The time needed to save a deposit is calculated as the number of years a household earning average household income would need to save 20% of their gross household income in order to accumulate a 20% deposit on a median-priced home. It does not account for other fees, such as stamp duty and conveyancing fees. Average gross household income and median prices are calculated identically to the approach taken in mortgage repayments relative to average income.





Housing Affordability Report

2025

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