



Affordability Hotspots

2024

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Identifying the regions where homes are most affordable

The new **PropTrack Affordability Hotspot Report** identifies those regions across the country where affordability is best for buyers.

It uses the innovative PropTrack Housing Affordability Index, calculated for each ABS Statistical Area level 3 region, to **rank the housing affordability of all parts of Australia.**

The Index measures what proportion of homes sold from July 2023 to March 2024 are affordable to households across the income distribution, within their greater capital city region, when spending 25% of their pre-tax income on mortgage repayments.

While the Index score compares affordability to all other regions of Australia, this report also outlines the share of home sales that are affordable to households on a median income in a particular area.

This report can help **buyers identify regions that have the most affordable homes** in each city and region across the country.

The results **quantify the challenging state of housing affordability across the country.** Very few regions remain affordable to households earning median incomes (or lower). This highlights the role existing wealth plays in entering home ownership given the high level of prices across the country.



Western Australia and Queensland remain the hotspots for housing affordability

Looking across Australia, the most affordable capital city regions are located in Perth.

Kwinana in the south of Perth is the most affordable capital city region, with an affordability index of 0.79. A median income Perth household can still afford 20% of homes sold there over the past year, spending up to 25% of their pre-tax income.

Affordability remains a key driver of the strength in the Western Australian market with Perth seeing the strongest price growth of any market over the past year.

Across Western Australia, 41% of regions in the state have a significant proportion of homes affordable to those on median incomes, which is 25% of all affordable regions across the country.

Queensland and the Northern Territory also have a larger portion of regions with more favourable affordability conditions compared to the rest of the country. Over a third of all regions where a median income household can afford 20% of home sales are located in Queensland.

Across regional areas, outback regions top the list for affordability. While remote, these regions continue to have high accessibility for households with median incomes, with well above two-thirds of homes considered affordable.

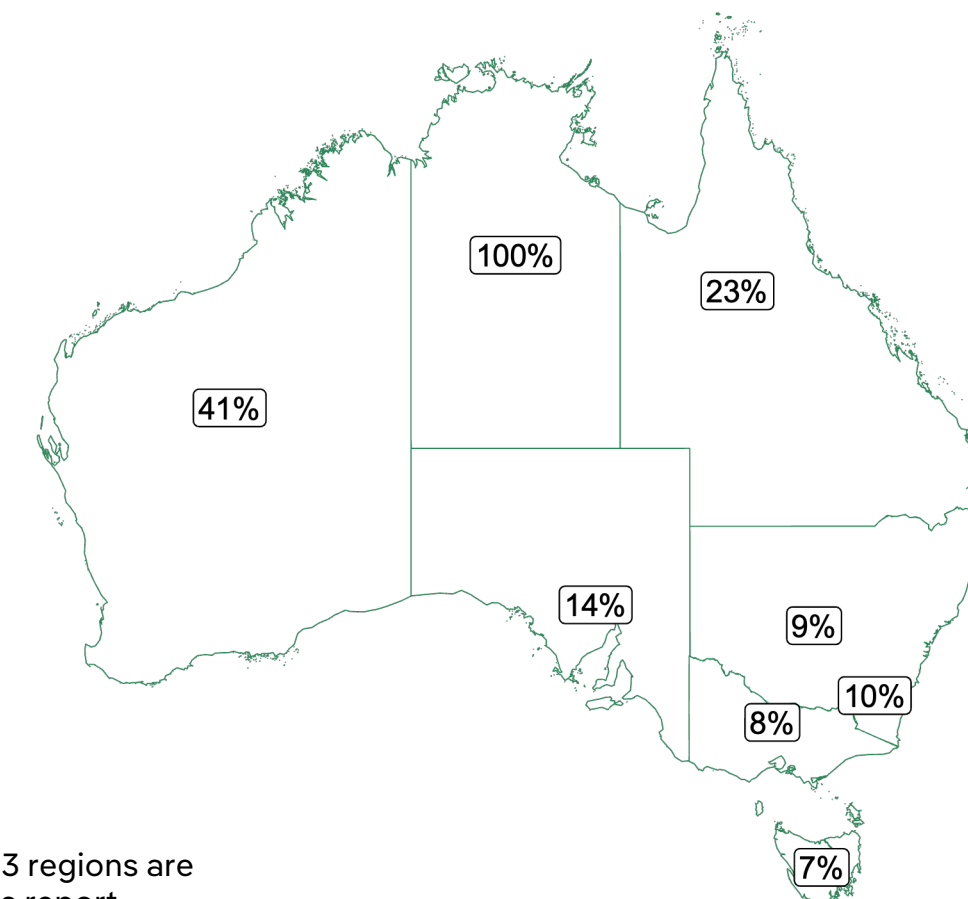
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Most affordable regions

	State	Broader region	Affordability Index	Share affordable with median income	Broader region annual price growth
Capital Cities					
Kwinana	WA	Perth - South West	0.79	20%	22%
Gosnells	WA	Perth - South East	0.71	16%	20%
Armadale	WA	Perth - South East	0.70	17%	20%
Mandurah	WA	Mandurah	0.68	17%	20%
Belmont - Victoria Park	WA	Perth - South East	0.68	22%	20%
Regional Areas					
Outback - South	QLD	Outback	1.41	80%	0%
Broken Hill and Far West	NSW	Far West and Orana	1.32	77%	3%
Wheat Belt - South	WA	Wheat Belt	1.26	70%	6%
Bourke - Cobar - Coonamble	NSW	Far West and Orana	1.20	66%	3%
Outback - North	QLD	Outback	1.20	68%	0%

Share of regions affordable by state

Where median household income can afford 20% of sold homes



ABS Statistical Area level 3 regions are referenced throughout this report

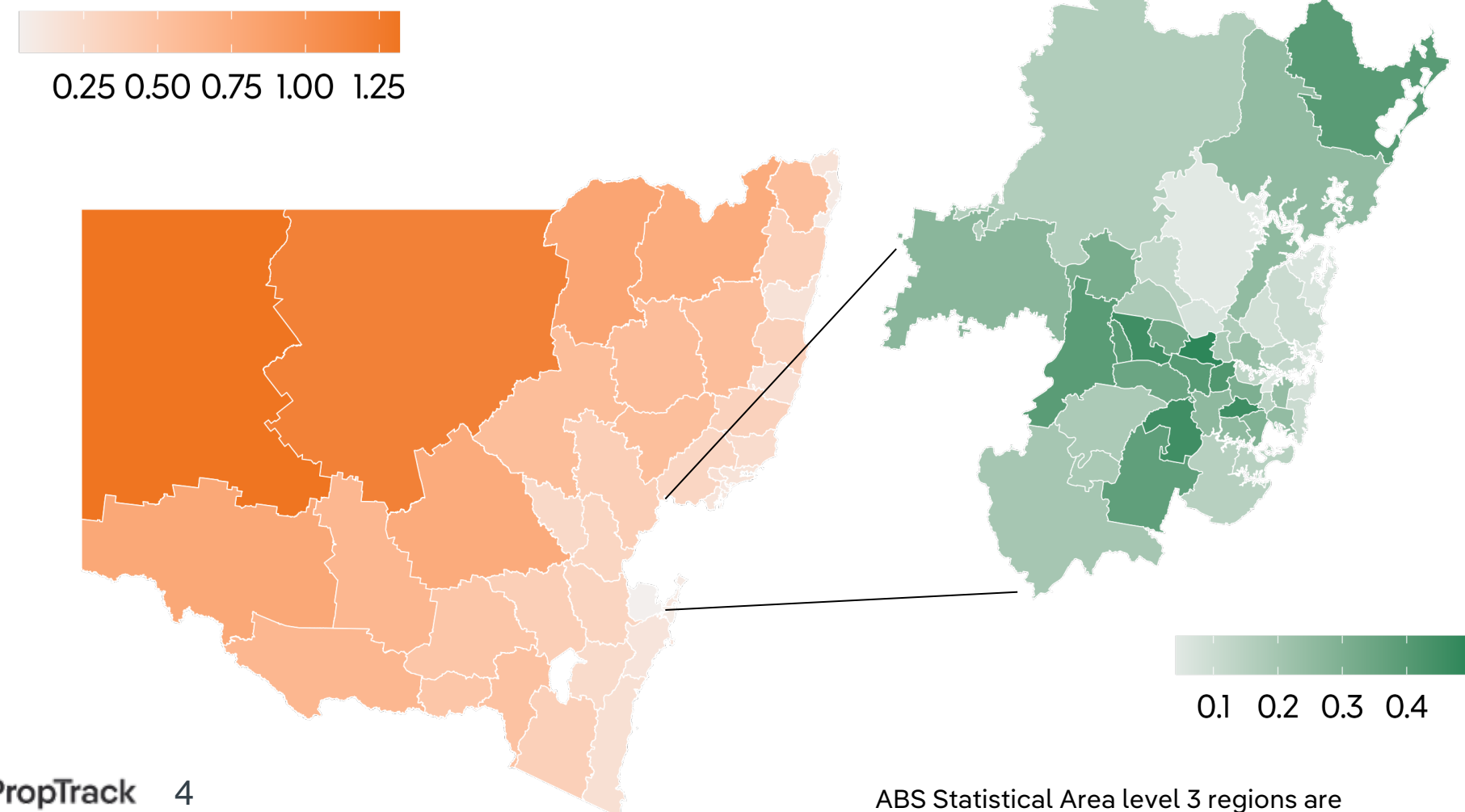
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New South Wales

	Broader region	Affordability Index	Share affordable with median income	Broader region annual price growth
Sydney				
Parramatta	Parramatta	0.49	9%	10%
Canterbury	Inner South West	0.46	18%	11%
Mount Druitt	Blacktown	0.46	10%	8%
Liverpool	South West	0.46	15%	9%
Auburn	Parramatta	0.42	6%	10%
Rest of NSW				
Broken Hill and Far West	Far West and Orana	1.32	77%	3%
Bourke - Cobar - Coonamble	Far West and Orana	1.20	66%	3%
Moree - Narrabri	New England and North West	0.81	36%	6%
Lower Murray	Murray	0.79	34%	4%
Lachlan Valley	Central West	0.75	28%	1%

New South Wales affordability

PropTrack Affordability Index



In Sydney, Parramatta and the south-west are the most affordable regions

Sydney remains the least affordable city in Australia, with just 3.8% of home sales affordable for median income households.

The most affordable parts of Sydney are found to the west and south-west of the city. These are the regions where first home buyers will have the most success when looking to crack into the most expensive housing market in the country.

The PropTrack Housing Affordability Index records Parramatta as the most affordable region in Sydney, despite a median income Sydney household only being able to afford 9% of home sales there.

Regions of NSW outside of Sydney generally have much more favourable affordability. More affordable homes and lifestyle amenity continues to attract many home buyers to regional NSW. While the most affordable regions are in the remote west of the state, for houses in particular, regional centres provide favourable conditions compared to even the most affordable parts of Sydney.

Melbourne's affordable regions are to the west, but the inner city tops the list

Melbourne is unusual in that its inner city is the most affordable part of the city. This is driven by a large number of units, which allows well-located living at affordable price points. A median income Melbourne household can afford 24% of homes sold in the inner city.

For first-home buyers, particularly those looking to buy a house, the west of the city holds the best affordability. While in many of these regions few homes are affordable for those on median incomes or lower, a larger share of homes are affordable across the income distribution.

In regional Victoria, the North West region holds promising affordability – with more than a third of homes affordable to those on median incomes in the Grampians. These favourable affordability conditions outside of Melbourne will continue to attract people, particularly to larger regional centres.

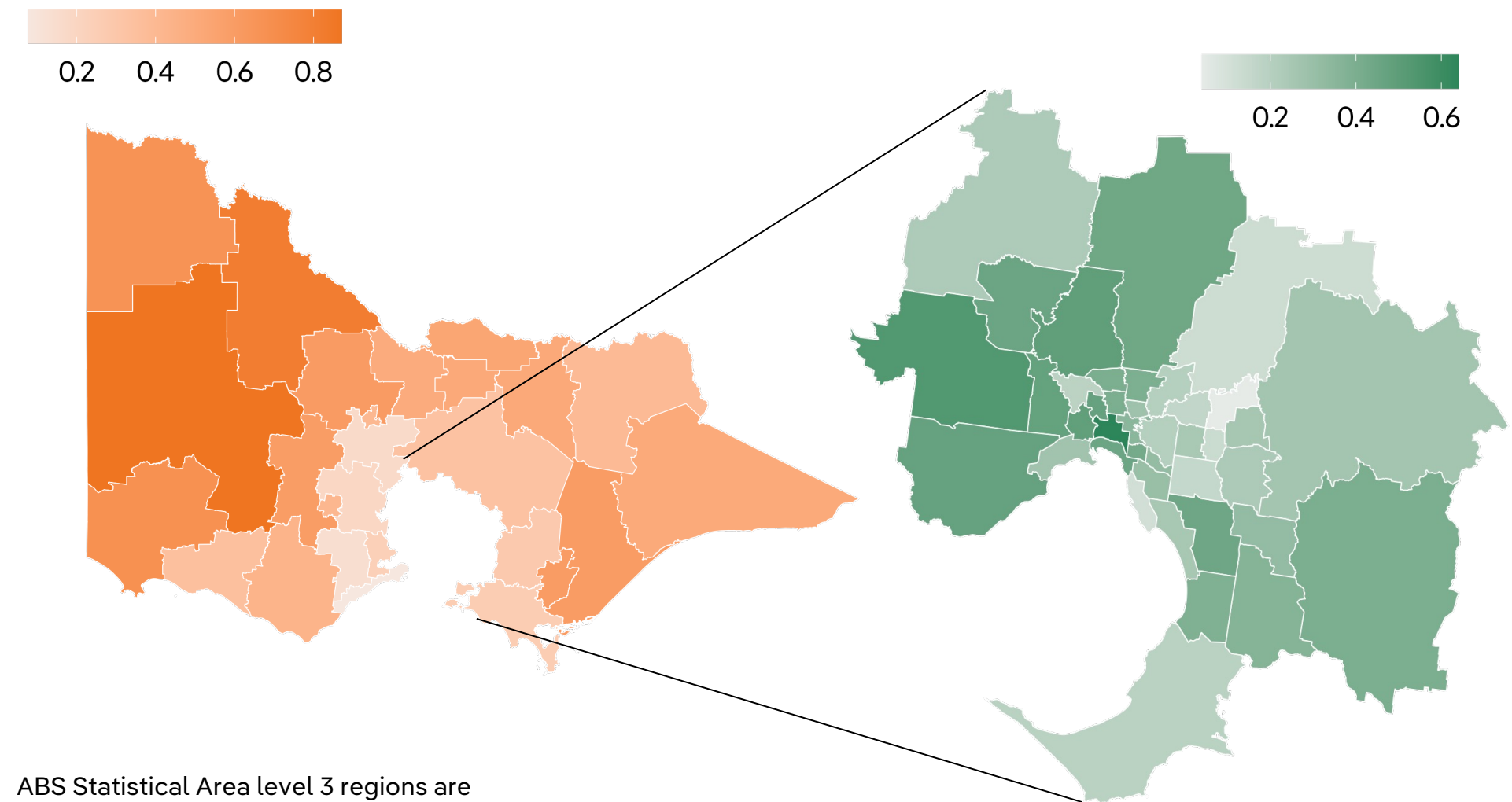
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Victoria

	Broader region	Affordability Index	Share affordable with median income	Broader region annual price growth
Melbourne				
Melbourne City	Inner	0.64	24%	1%
Melton - Bacchus Marsh	West	0.54	6%	-0%
Tullamarine - Broadmeadows	North West	0.49	6%	1%
Maribyrnong	West	0.48	18%	-0%
Brimbank	West	0.47	6%	-0%
Rest of Vic.				
Grampians	North West	0.87	38%	4%
Murray River - Swan Hill	North West	0.82	31%	4%
Glenelg - Southern Grampians	Warrnambool and South West	0.68	21%	-3%
Mildura	North West	0.67	19%	4%
Loddon - Elmore	Bendigo	0.61	19%	1%

Victoria affordability

PropTrack Affordability Index



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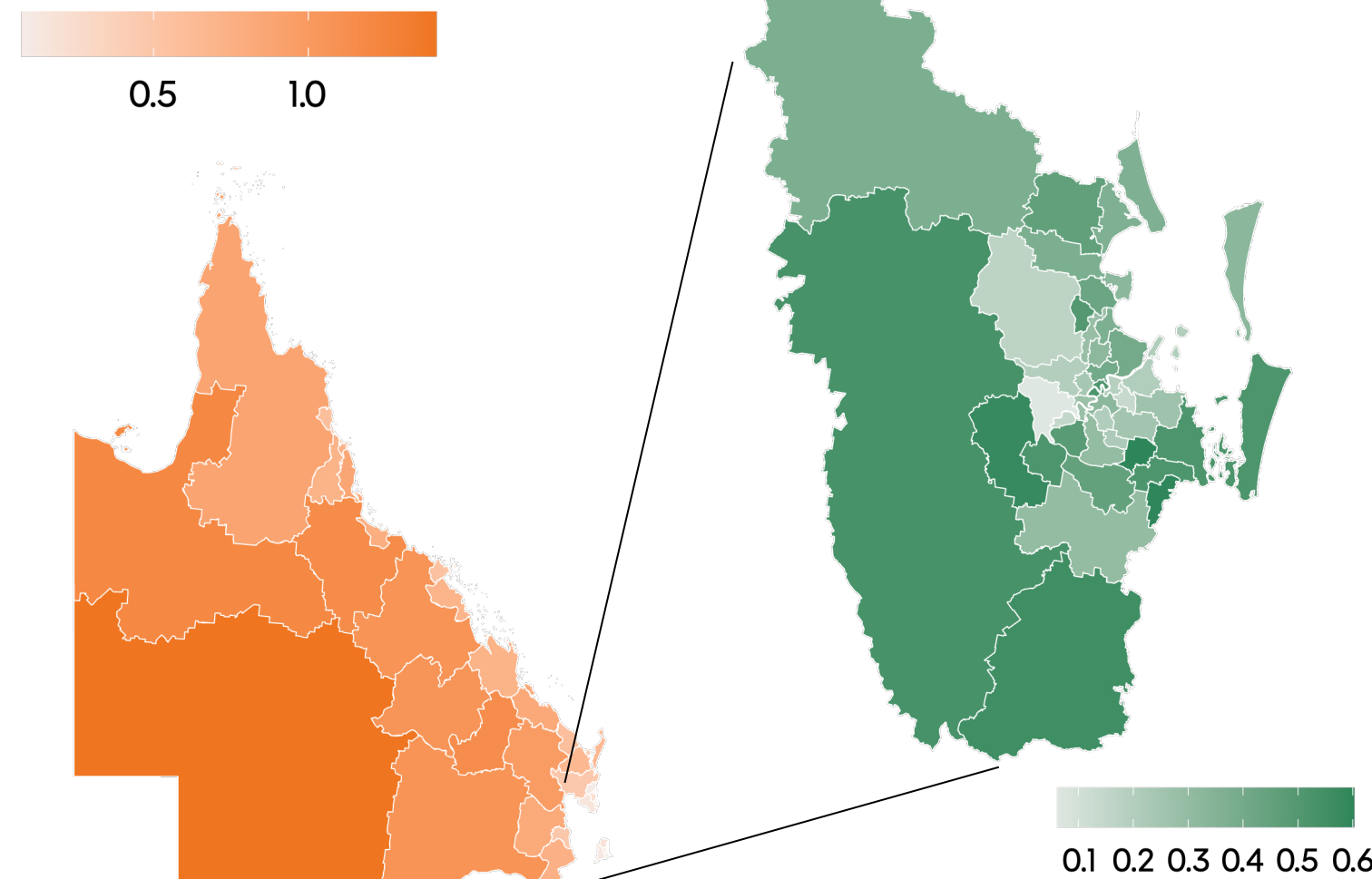
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Queensland

	Broader region	Affordability Index	Share affordable with median income	Broader region annual price growth
Brisbane				
Springwood - Kingston	Logan - Beaudesert	0.60	20%	14%
Beenleigh	Logan - Beaudesert	0.60	17%	14%
Ipswich Inner	Ipswich	0.58	10%	15%
Beaudesert	Logan - Beaudesert	0.56	12%	14%
Ipswich Hinterland	Ipswich	0.54	8%	15%
Rest of Qld				
Outback - South	Outback	1.41	80%	0%
Outback - North	Outback	1.20	68%	0%
Charters Towers - Ayr - Ingham	Townsville	1.16	66%	13%
Biloela	Central Queensland	1.15	74%	9%
Darling Downs - Maranoa	Darling Downs - Maranoa	1.07	58%	12%
Bowen Basin - North	Mackay - Isaac - Whitsunday	1.07	60%	8%

Queensland affordability

PropTrack Affordability Index



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Brisbane south and west hold the most favourable affordability

Brisbane features favourable affordability to the south and west of the city.

Three of the most affordable areas are in the southern Logan – Beaudesert broader region – with a median income Brisbane household able to afford one in five homes in the most affordable Springwood – Kingston region.

The west of Brisbane, particularly Ipswich, also features favourable affordability. Ipswich Inner and Ipswich Hinterland both remain promising locations for first-home buyers looking to buy a house.

With affordability a key driver of demand in Queensland, it is no surprise these parts of Brisbane have seen double-digit price growth over the past year.

Outside of Brisbane, outback regions feature some of the best affordability in the country, with households able to afford homes in higher proportions than their position on the income distribution. Regional centres in Queensland continue to attract residents due to favourable affordability conditions, with areas such as Townsville seeing double-digit price growth over the past year.

North Adelaide continues to feature strong affordability and rapid price growth

Strong price growth across Adelaide has dampened the favourable affordability conditions that have supported the market since the onset of the pandemic.

The North region of Adelaide remains the most affordable, with affordability across the income distribution supporting some of the strongest price growth nationally. However, recent price growth at the bottom end of the market now means a median income Adelaide household can afford less than one in 10 homes sold over the past year in the North region of the city.

As many first-home buyers continue to search for regions with relative affordability, Adelaide City remains an affordable option despite a period of very strong price growth, largely due to the higher concentration of units within the CBD.

Outside of Adelaide, regional South Australian affordability is generally favourable, which has seen home prices in the regions up 12.8% in the year to March 2024, reaching new peaks despite multiple interest rates rises.

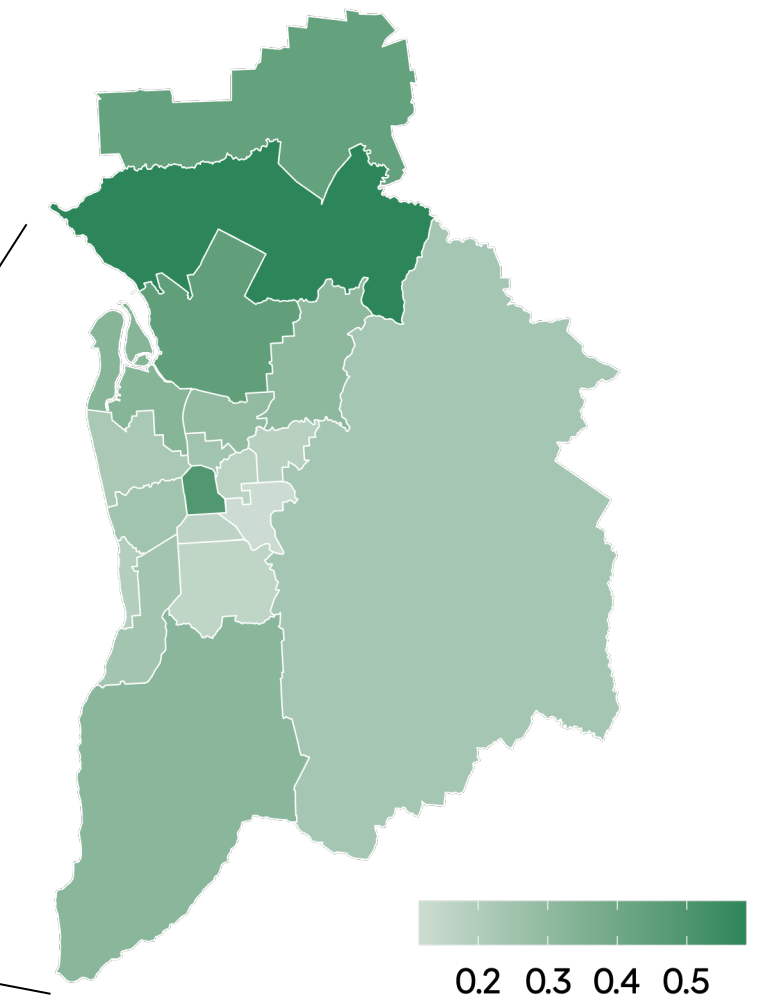
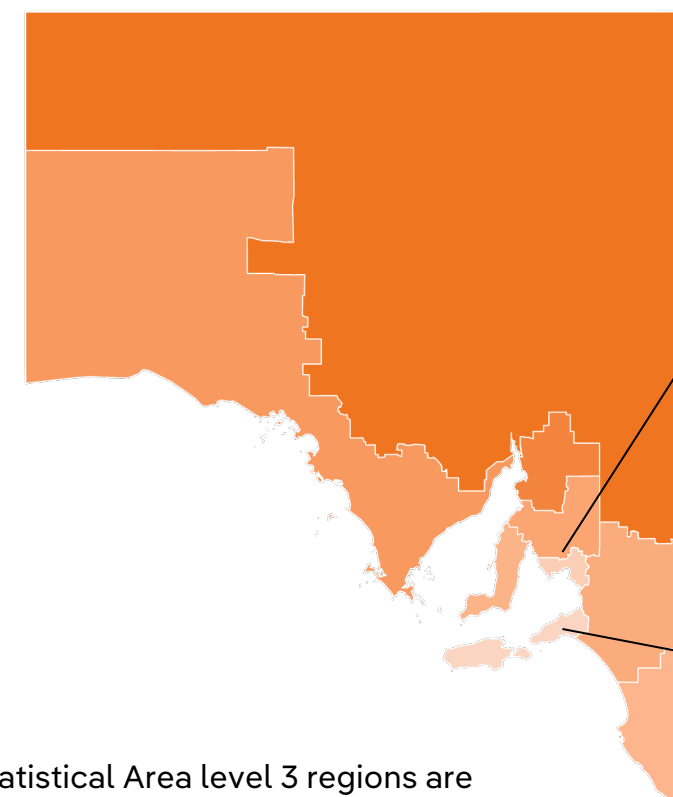
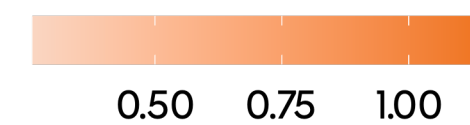
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South Australia

	Broader region	Affordability Index	Share affordable with median income	Broader region annual price growth
Adelaide				
Playford	North	0.58	7%	17%
Adelaide City	Central and Hills	0.49	12%	12%
Salisbury	North	0.45	4%	17%
Gawler - Two Wells	North	0.44	5%	17%
Port Adelaide - West	West	0.33	2%	12%
Rest of SA				
Outback - North and East	Outback	1.14	57%	8%
Mid North	Barossa - Yorke - Mid North	1.01	47%	15%
Eyre Peninsula and South West	Outback	0.81	34%	8%
Lower North	Barossa - Yorke - Mid North	0.71	24%	15%
Murray and Mallee	South East	0.65	18%	13%

South Australia affordability

PropTrack Affordability Index



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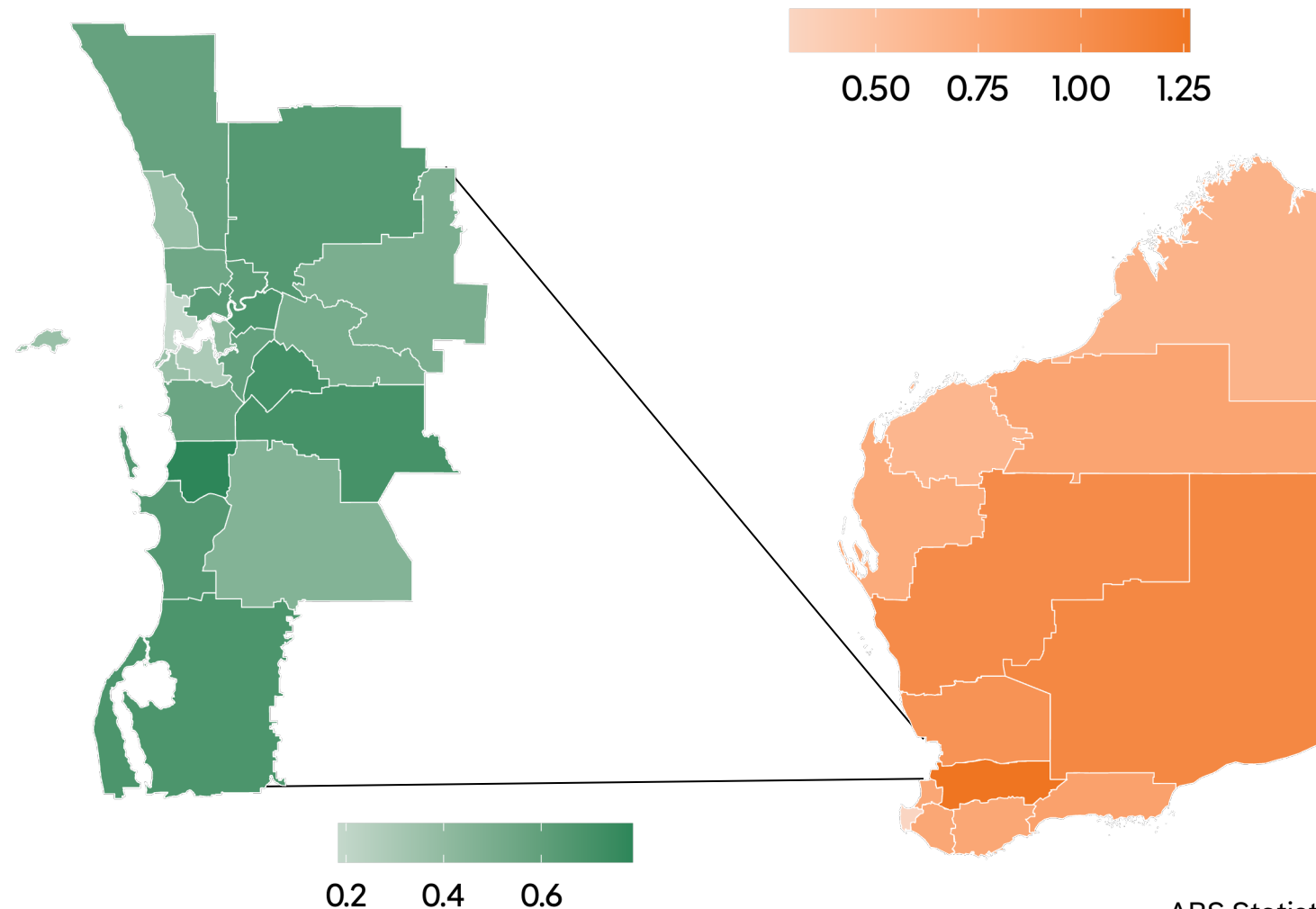
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Western Australia

	Broader region	Affordability Index	Share affordable with median income	Broader region annual price growth
Perth				
Kwinana	South West	0.79	20%	22%
Gosnells	South East	0.71	16%	20%
Armadale	South East	0.70	17%	20%
Mandurah	Mandurah	0.68	17%	20%
Belmont - Victoria Park	South East	0.68	22%	20%
Rest of WA				
Wheat Belt - South	Wheat Belt	1.26	70%	6%
Goldfields	Outback (South)	1.08	59%	7%
Mid West	Outback (South)	1.04	50%	7%
Wheat Belt - North	Wheat Belt	0.97	46%	6%
Esperance	Outback (South)	0.82	31%	7%

Western Australia affordability

PropTrack Affordability Index



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Perth features the most affordable capital city regions in the country

Affordability in Perth has continued to support strong price growth over the past year.

The most affordable regions for those looking to crack into the market are to the south of Perth, with a median income Perth household able to afford around one in five homes in many of the most affordable regions there.

Price growth in Perth has topped the capital cities over the past year, with the broader South West and South East regions recording the strongest price growth and the best affordability. These parts of Perth have seen price growth of 20% or more over the past year, showing the extent favourable affordability is contributing to home price growth within Perth.

These conditions extend to the far south of the Perth region in Mandurah, as well as in the Wheat Belt – South region nearby.

Other outback regions of Western Australia, while remote, also have very favourable affordability conditions for those considering regional locations.

Methodology

PropTrack Housing Affordability Index

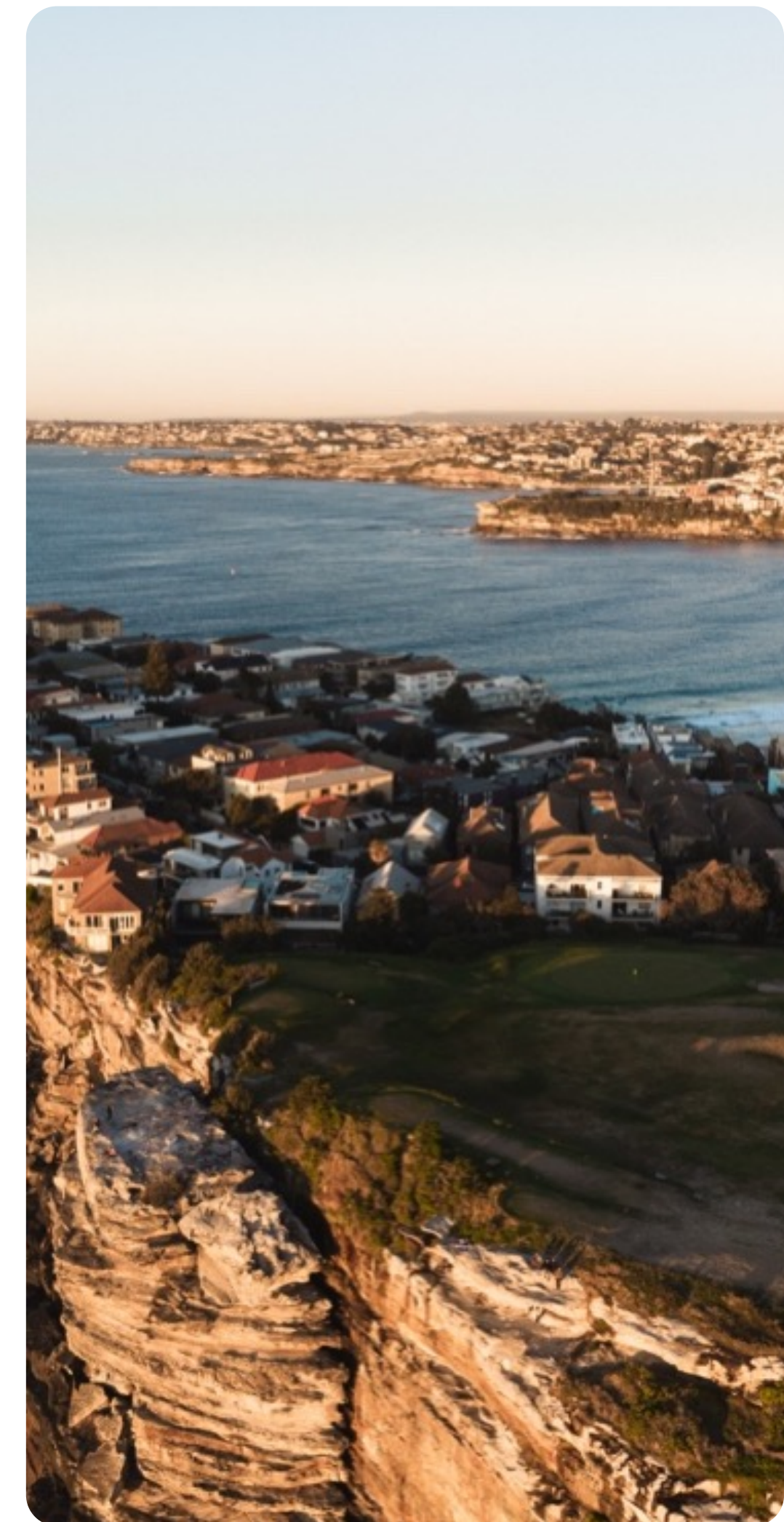
The PropTrack Housing Affordability Index summarises the share of home sales that households across the income distribution could afford to buy, at prevailing mortgage assessment rates.

- **Share of homes that are affordable:** the share of home sales across each financial year that fall below the price at which the household would be spending 25% of their gross income on mortgage repayments, assuming an 80% loan-to-valuation ratio.
- **Assessment mortgage rate:** the average new mortgage rate for owner occupiers on variable rate loans prevailing at the end of the financial year (or year-to-date), 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 decile for each Greater Capital City Statistical Area, published by the Australian Bureau of Statistics (ABS) in its *Household Income and Wealth, Australia* release, collected as part of the *Survey of Income and Housing*. 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 calculate the share of home sales in each financial year that are affordable for each household income decile.

The shares at each decile 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 decile (e.g. 10) and Y_i is the share of home sales that are affordable for household income for that decile.





Affordability Hotspots Report

2024

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