

Media Release

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5% Deposit Scheme drives shift in housing affordability, says REIA

Australia's housing affordability declined in the December 2025 quarter, largely driven by increased first home buyer activity following the significant expansion of the Australian Government's 5% Deposit Scheme, according to the Real Estate Institute of Australia's (REIA) latest Housing Affordability Report.

REIA President Jacob Caine said while the scheme has helped more Australians enter the housing market, it has also had an adverse impact on affordability as buyers take on larger loan sizes.

"The expansion of the 5% Deposit Scheme has clearly succeeded in enabling more Australians, particularly first home buyers, to enter the housing market," Mr Caine said.

"However, the consequence has been that many new buyers have been able to commit to larger loans under the scheme, which has increased the proportion of household income required to service a mortgage."

The report shows the average loan repayment now represents 49.2% of the median family income, reflecting a decline in housing affordability of 2.2 percentage points over the quarter.

Despite the quarterly decline, affordability remains 0.7 percentage points better than the December quarter 2024, when higher interest rates placed greater pressure on borrowers.

Housing affordability declined in all states and territories during the December quarter, with falls ranging from 1.1 percentage points in the Australian Capital Territory to 3.0 percentage points in Western Australia.

Rental affordability remained relatively stable during the quarter at 24.3%, although conditions tightened slightly as the proportion of income required to meet the median rent increased marginally.

The report recorded an above-average influx of first home buyers, reflecting the impact of the new deposit scheme in lowering upfront barriers to entering the housing market.

"Reducing the deposit hurdle is helping more Australians achieve home ownership," Mr Caine said.

"But policies that stimulate demand must be considered alongside the broader housing affordability picture."

Mr Caine said increasing housing supply is central to improving long-term affordability. "Demand-side initiatives can support home ownership, but improving housing affordability ultimately requires supply to keep pace with demand," he said.

"Ensuring Australia delivers enough housing will remain critical to improving affordability outcomes in the years ahead."

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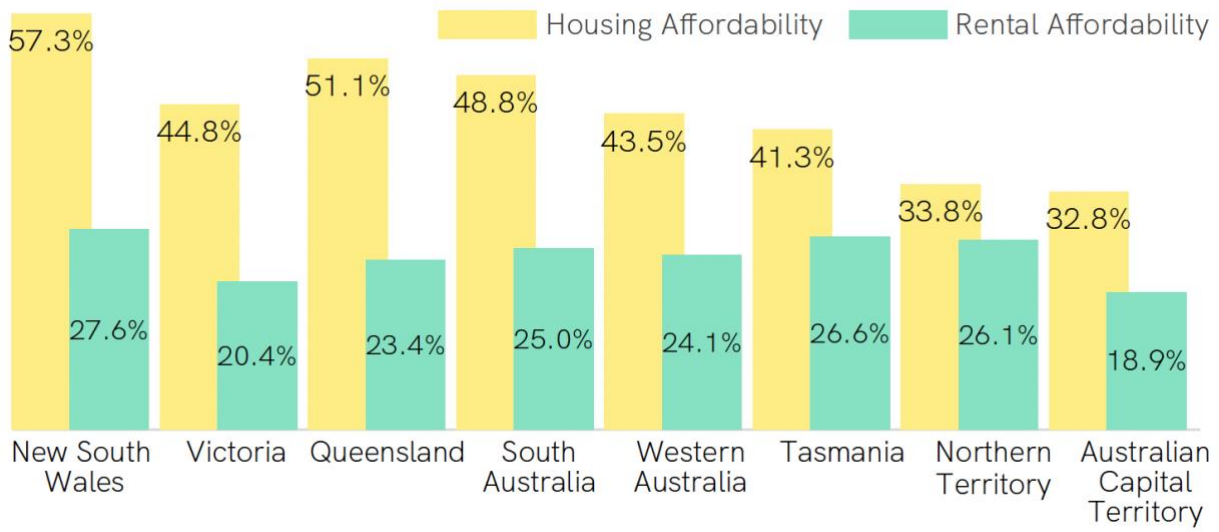
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The Real Estate Institute of Australia (REIA) serves as the national peak body representing the real estate profession





Housing and Rental Affordability



Source: Real Estate Institute of Australia, Housing Affordability Report, December Quarter 2025

