



Affordability Report

A quarterly update on the affordability of housing

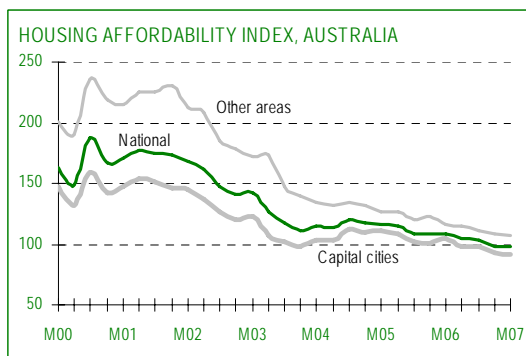
MARCH QUARTER 2007

AFFORDABILITY DETERIORATES FURTHER IN EARLY 2007

The squeeze on Australia's housing stock has sent housing affordability to a record low.

Over the March 2007 quarter the HIA-Commonwealth Bank Housing Affordability Index for first home buyers fell by 0.6 per cent, and was 10.3 per cent lower than it was over the March 2006 quarter. This is the second consecutive quarter when the Index has been below 100.

Affordability fell in all regional areas except for regional NSW and Regional SA. Affordability also fell in all capital cities except Melbourne. Perth is the least affordable capital city in Australia for first home buyers.



HIGHLIGHTS

- The First Home Buyer Affordability Index fell by 0.6 per cent in the March 2007 quarter and was 10.3 per cent lower than a year earlier.
- The March 2007 quarter is the second consecutive quarter when the Affordability Index has been below 100. It is the result of the median first home buyer price rising by 1.5 per cent in the March quarter.
- Stable interest rates over the March quarter did not prevent the monthly loan repayment needed on a typical first-home mortgage rising from \$2,352 to \$2,387, an increase of 1.5 per cent. Mortgage payments now account for 30.7 per cent of total first home buyer income, up 0.2 percentage points on the December 2006 quarter. As a proportion of disposable income, the ratio was steady over the quarter.

Housing Affordability Index, Australia

Quarter	Median First Home Price	Interest Rate	Monthly Payment	Average Annual Household Income		Qualifying Annual Income		Housing Affordability Index	
				Total	Disposable	Total	Disposable		
2005	Mar	334,100	6.58	1,819	84,800	73,600	72,800	63,200	116.5
	Jun	337,000	6.75	1,863	85,700	74,000	74,500	64,300	115.1
	Sep	365,100	6.75	2,018	87,100	75,000	80,700	69,500	107.9
	Dec	368,700	6.75	2,038	88,200	75,900	81,500	70,100	108.3
2006	Mar	370,500	6.75	2,048	89,300	76,300	81,900	70,000	109.0
	Jun	388,200	6.92	2,178	90,500	77,300	87,100	74,400	103.9
	Sep	387,300	7.17	2,223	91,200	78,300	88,900	76,300	102.6
	Dec	397,800	7.50	2,352	92,600	78,600	94,100	79,900	98.4
2007	Mar	403,800	7.50	2,387	93,400	79,600	95,500	81,400	97.8



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