

House Prices Dent Affordability

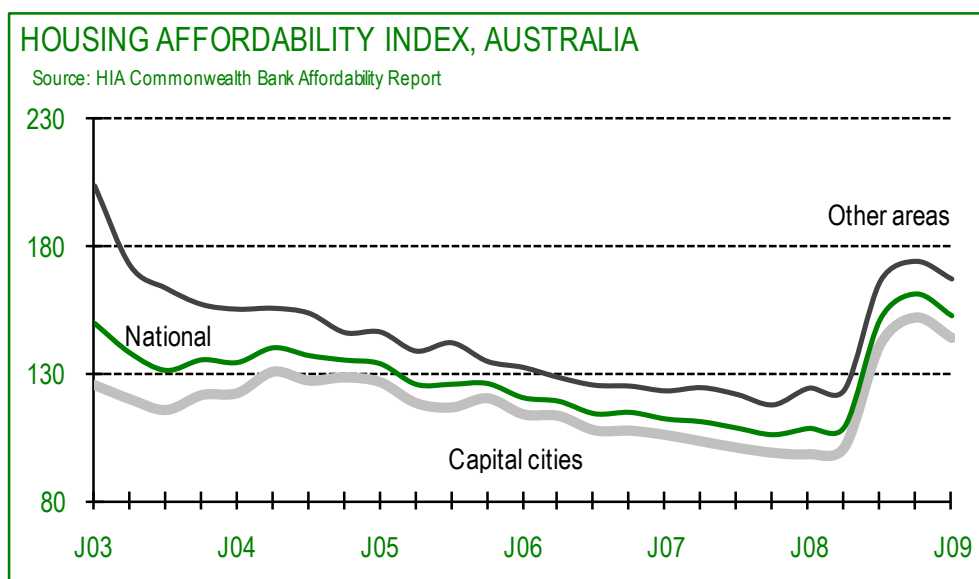
Following a sharp recovery from mid-2008, housing affordability conditions dipped in the June 2009 quarter due to increases in prices paid for established houses, according to the latest HIA-CBA First Home Buyer Affordability Report.

Although housing affordability slipped by more than 5 per cent in the June quarter, it was still well ahead of the corresponding period of last year.

HIA Chief Economist, Dr Harley Dale, said that the demand for homes had picked up ahead of new housing supply, putting pressure on established house prices. But Housing Finance figures are signalling increased new home construction in the second half of 2009.

“The lift in established house prices stands in marked contrast to the predictions of a house price rout. But we have neither boom nor bust conditions,” said Harley Dale.

“A step-down in the First Home Owner Grant Boost and a lengthening pipeline of new housing supply will help to keep established house prices in check while low interest rates will keep affordability close to seven year highs through the second half of 2009,” added Harley Dale.



Further Information

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QUARTERLY REVIEW OF HOUSING AFFORDABILITY

June QUARTER 2009

MEDIA RELEASE

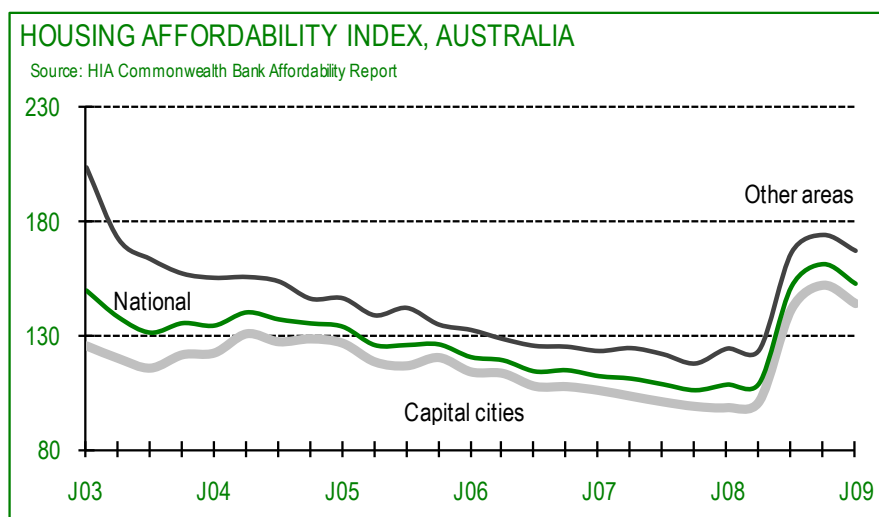
13 August 2009

HOUSING AFFORDABILITY EASES IN JUNE

The HIA/Commonwealth Bank First Home Buyer Affordability Index fell by 5.3 per cent in the June 2009 quarter. The index was at a level 41 per cent higher than in the June 2008 quarter.

The deterioration over the June 2009 quarter resulted from a return to growth in house prices following two consecutive quarters of moderation.

The monthly loan repayment needed on a typical first-home mortgage increased from \$1,843 to \$1,983, a rise of 7.6 per cent. Monthly mortgage repayments accounted for 19.7 per cent of total first home buyer income, substantially lower than the peak of 28.3 per cent reached in the March 2008 quarter.



Housing Affordability Index, Australia

Quarter	Median First Home Price \$	Interest Rate %	Monthly Payment \$	Average Annual		Qualifying Annual		Housing Affordability Index
				Total \$	Disposable \$	Total \$	Disposable \$	
2007 Mar	403,800	7.50	2,387	109,400	80,000	95,500	69,800	114.6
Jun	423,900	7.45	2,495	111,800	82,000	99,800	73,200	112.0
Sep	431,300	7.70	2,595	115,100	83,100	103,800	74,900	110.9
Dec	436,000	7.95	2,681	116,200	83,600	107,200	77,100	108.4
2008 Mar	425,600	8.75	2,799	118,600	84,700	112,000	80,000	105.9
Jun	417,100	8.90	2,777	120,400	85,700	111,100	79,100	108.3
Sep	418,300	8.95	2,797	122,000	88,300	111,900	81,000	109.0
Dec	391,400	6.20	2,056	124,300	91,000	82,200	60,200	151.2
2009 Mar	386,400	5.20	1,843	118,700	93,700	73,700	58,200	161.0
Jun	419,900	5.10	1,983	120,900	93,300	79,300	61,200	152.5

- Ends -

Note to Editors:

1. The HIA / Commonwealth Bank Affordability Report uses Commonwealth Bank house price data to measure the ratio of average household disposable income to the qualifying income required to meet payments on a typical dwelling.

For more detailed information on house prices, please refer to the Commonwealth Bank's online Property Value Guide at <http://www.commbank.com.au/propertyvalueguide>.

2. For a full copy of the HIA/Commonwealth Bank Affordability Report (media only), please visit <http://economics.hia.com.au>
3. The Commonwealth Bank is Australia's biggest home lender with over 1.1 million home loan customers.

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