

18 May 2009

Great Time to Buy a New Home

The boost to the First Home Owners Grant, record low interest rates and relatively stable house prices have combined to make housing the most affordable in seven years, according to the HIA-CBA First Home Buyer Affordability Index.

The HIA-CBA First Home Buyer Affordability Report revealed a 14.6 per cent improvement in affordability for the March 2009 quarter which came hot on the heels of a 40 per cent surge at the end of 2008.

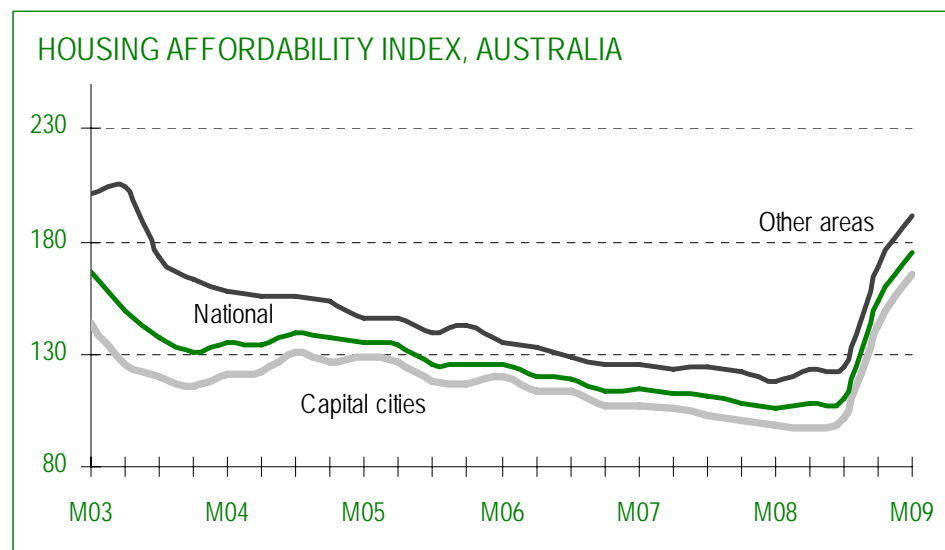
HIA's Chief Executive – Association, Chris Lamont said, notwithstanding current economic conditions for many aspiring home buyers there has never been a better time to enter home ownership.

Over the March 2009 quarter the average home loan repayment fell by 11 per cent to \$1,831 per month, significantly lower than the previous amount of \$2,056. A further improvement in affordability is expected in the June quarter.

"The boosted grant which now provides a minimum of \$21,000 for new homes across Australia along with the significant builder discounts on house and land packages, is increasing the number of first home buyers entering the new home market,

The grant has been highly successful in creating and securing jobs in the residential construction sector. It is also assisting in boosting the supply of housing which we know to be grossly short of the nations requirements," Chris Lamont said.

The HIA-CBA First Home Buyer Affordability Report showed that affordability improved strongly in all capital cities and regional areas in the March 2009 quarter. The largest improvement was evident for Hobart, Adelaide, and Sydney.



Further Information

Chris Lamont 0414 765 040
Ben Phillips 0424 147 321



QUARTERLY REVIEW OF HOUSING AFFORDABILITY

March QUARTER 2009

MEDIA RELEASE

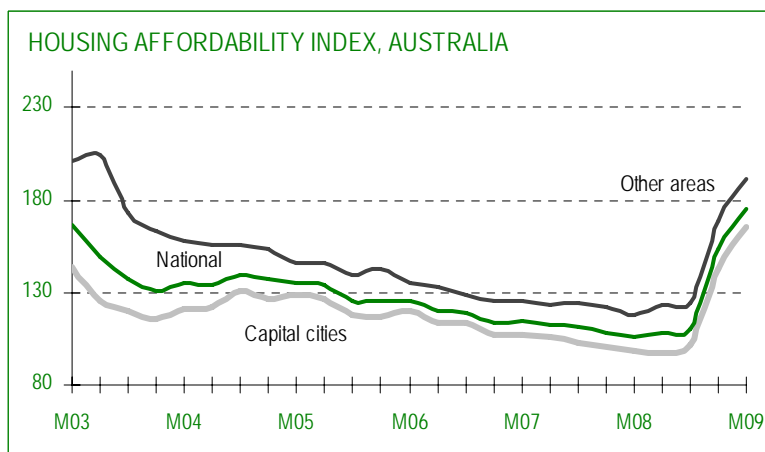
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HOUSING AFFORDABILITY AT 7 YEAR HIGH

The HIA/Commonwealth Bank First Home Buyer Affordability Index improved by 14.6 per cent in the March 2009 quarter. The index was at a level 66 per cent higher than in the March 2008 quarter.

The large improvement over the March 2009 quarter resulted from the Federal Government's boost to the First Home Owners Grant, another large reduction in variable mortgage rates in February, and some further moderation in house prices.

The monthly loan repayment needed on a typical first-home mortgage fell from \$2,056 to \$1,831, a fall of 11 per cent. Monthly mortgage repayments accounted for 17.1 per cent of total first home buyer income, down from the 19.6 per cent evident in the December quarter last year.



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	
	\$	%	\$	\$	\$	\$	\$	
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	419,100	8.90	2,791	120,400	85,700	111,600	79,400	107.9
Sep	418,100	8.95	2,796	122,900	88,300	111,800	80,300	110.0
Dec	391,400	6.20	2,056	126,100	91,000	82,200	59,300	153.5
2009 Mar	383,800	5.20	1,831	128,800	93,700	73,200	53,300	175.8

- 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.

For media comment or for further information on this release, please contact:

Ben Phillips
HIA Senior Economist
Phone: 0424 147 321

Email: economics@hia.com.au

For copies of state and regional releases, please contact:

<http://economics.hia.asn.au>

For copies of the publication (media only) please contact:

Kirsten Lewis on k.lewis@hia.com.au or 02 6245 1393