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Housing Affordability Rebounds to 5-Year High

Big cuts in interest rates and the boost to the First Home Owners Grant pushed housing affordability conditions to the best level in five years, according to the HIA-CBA First Home Buyer Affordability Index.

The HIA-CBA report revealed a stunning increase of 39.2 per cent in the December 2008 quarter.

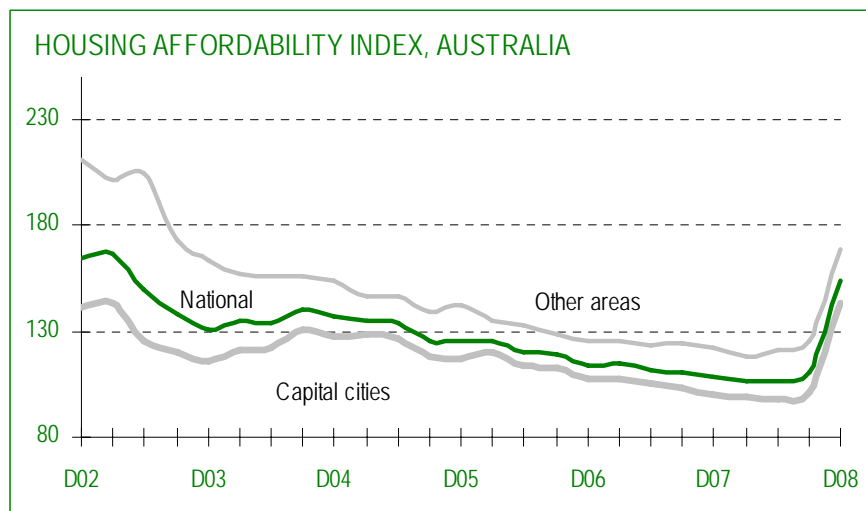
Over the December 2008 quarter the average home loan repayment fell by 26 per cent to \$2,056 per month, significantly lower than the previous amount of \$2,796. Further reductions in mortgage interest rates in the first quarter of this year are expected to yield another improvement in housing affordability in the next report.

HIA's Chief Executive – Association, Chris Lamont said: "For would-be first home buyers conditions have improved significantly and clearly many Australian's are taking up the opportunity to get into homeownership."

The improvement in affordability means it is now possible for more Australians to purchase a home of their own. HIA economic modelling based on the Australian Bureau of Statistics, Survey of Income and Housing 2005/06 confirms that 135,000 households on mortgages have come out of mortgage stress since December 2008.

"Previously a household would have to be earning in the order of \$85,000 per annum to afford a modestly priced home without going into severe mortgage stress. The improvement in housing affordability means those on a more modest income can now consider a home of their own," said Chris Lamont.

The HIA-CBA First Home Buyer Affordability Report showed that affordability improved over the December quarter in all capital cities and regional areas, with the largest improvement occurring for Perth, Brisbane, and Regional Western Australia.



Further Information

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