



QUARTERLY REVIEW OF HOUSING AFFORDABILITY DECEMBER QUARTER 2005

MEDIA RELEASE

12 January 2006

HOUSING AFFORDABILITY COMING BACK WITHIN REACH

The dream of owning a home is returning for some of Australia's first home buyers.

Figures released today from the HIA/Commonwealth Bank Affordability Report show that affordability improved in the December quarter, up 5.4 per cent to its highest level in over a year.

Australia's peak building industry body, HIA, said that the improvement was largely a result of interest rates remaining on hold over the quarter as incomes grew slightly and house prices fell in 11 of the 13 reporting regions.

HIA's Executive Director of Housing and Economics, Mr Simon Tennent said that according to Commonwealth Bank figures, prices fell by 3.4 per cent in capital cities and were basically flat in regional Australia with only a small fall of 0.6 per cent.

"This easing in house prices at a time when interest rates are on hold and incomes are creeping up has lowered the affordability hurdle for some home buyers but there is still a long way to go," Mr Tennent said.

"For all of Australia, the median first-home buyer price eased by 4.2 per cent to \$327,400 in the December quarter, with typical first-home repayments falling from \$1,986 to \$1,902," Mr Tennent said.

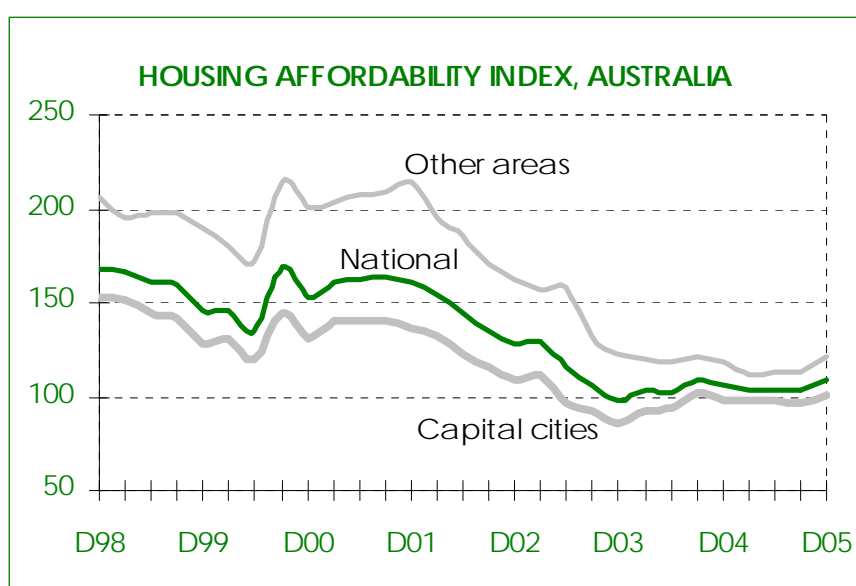
"It is highly likely that the worst of the affordability crisis has passed as the favourable combination of stable interest rates, higher incomes and soft house prices will most likely continue throughout 2006," he added.

"But despite these positives, there is little chance that affordability will return to the favourable levels last seen in the late 1990's where on average, home buyers entering the market needed to commit 18 per cent of their take home pay towards mortgage payments. Currently, home buyers need to put aside 28 per cent of their income."

"While there are no immediate solutions to bringing housing within reach of families on medium to low incomes, there must continue to be a co-ordinated effort by all levels of government to ensure that the complex mix of planning, sustainability, regulation and taxation do not keep adding cost to housing," Mr Tennent said.

Housing Affordability Index, Australia

Quarter		Median	Interest	Monthly	Average Annual		Qualifying Annual		Housing
		First Home	Rate	Payment	Total	Disposable	Total	Disposable	
		Price	%	\$	\$	\$	\$	\$	Index
2003	Dec	337,500	7.05	1,917	74,900	67,700	76,700	69,300	97.7
	Mar	323,400	7.05	1,837	75,900	68,300	73,500	66,100	103.3
	Jun	330,500	7.05	1,877	77,100	71,000	75,100	69,200	102.6
2004	Sep	316,900	7.05	1,800	78,600	71,000	72,000	65,000	109.2
	Dec	328,700	7.05	1,867	78,900	71,100	74,700	67,300	105.6
	Mar	334,100	7.30	1,941	80,000	71,400	77,600	69,300	103.0
	Jun	337,000	7.30	1,957	80,800	72,100	78,300	69,900	103.1
2005	Sep	341,900	7.30	1,986	81,700	72,800	79,400	70,800	102.8
	Dec	327,400	7.30	1,902	82,500	73,400	76,100	67,700	108.4



- 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.asn.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:

Simon Tennent
Executive Director, Housing and Economics
Phone: 0419 445 557
Email: economics@hia.asn.au

For copies of state and regional releases, please go to:

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