



**QUARTERLY REVIEW OF HOUSING AFFORDABILITY  
DECEMBER QUARTER 2005**

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**MEDIA RELEASE**

**12 January 2006**

**SYDNEY HOUSING AFFORDABILITY COMING BACK WITHIN REACH**

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

Figures released today from the HIA/Commonwealth Bank Affordability Report show that affordability improved in the December quarter, up 4.1 per cent to its highest level in over three years.

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 a further easing in Sydney house prices.

HIA's Executive Director of HIA NSW, Mr Wayne Gersbach said that according to Commonwealth Bank figures, prices fell by 3.0 per cent in Sydney over the quarter.

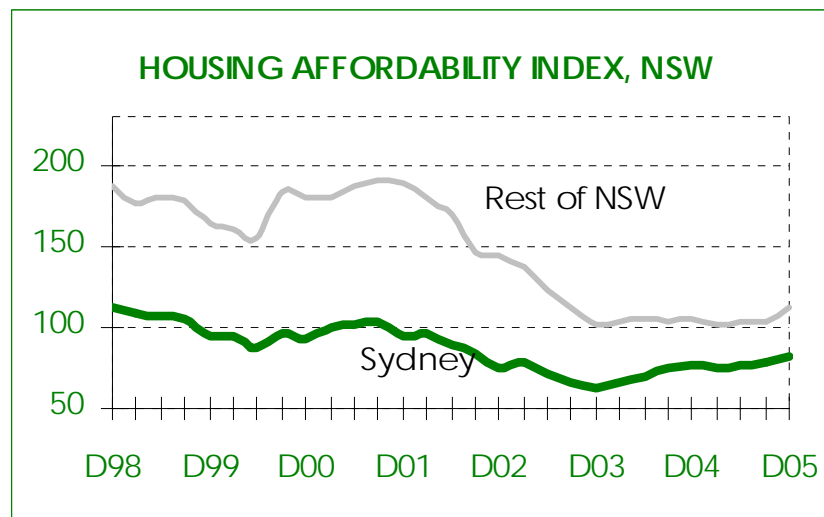
"For home buyers struggling to get into the market, this favourable combination has lowered the affordability hurdle but there is still a long way to go," Mr Gersbach said.

"For Sydney, the median first-home buyer price eased by 3.0 per cent to \$434,500 in the December quarter, with typical first-home repayments falling from \$2,603 to \$2,524," he added.

"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."

"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 27 per cent of their take home pay towards mortgage payments. Currently, home buyers need to put aside 37 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 costs to housing," Mr Gersbach said.



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#### 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.

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**MELBOURNE HOUSING AFFORDABILITY COMING BACK WITHIN REACH**

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

Figures released today from the HIA/Commonwealth Bank Affordability Report show that affordability improved in the December quarter, up 6.2 per cent to its highest level in over three years.

Victoria'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 a further easing in Melbourne house prices.

HIA's Executive Director of HIA Victoria, Mr Graham Wolfe said that according to Commonwealth Bank figures, prices fell by 5.0 per cent in Melbourne over the quarter.

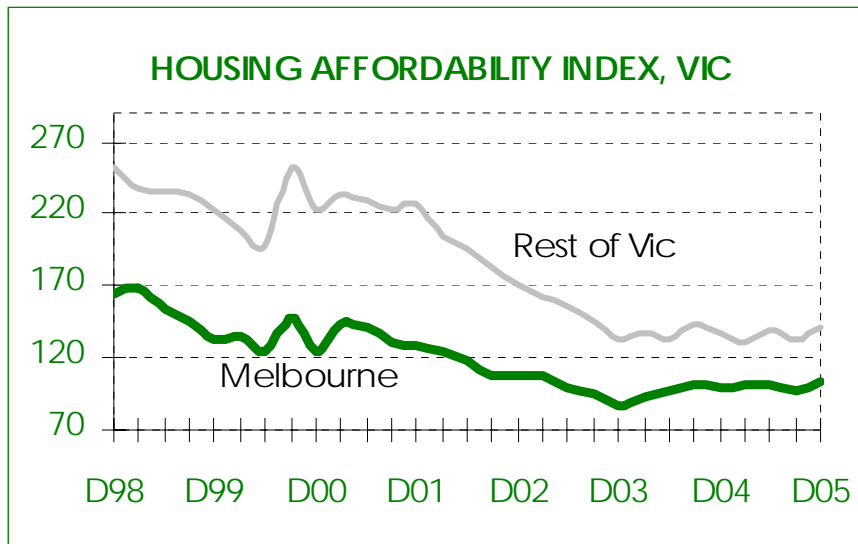
"For home buyers struggling to get into the market, this favourable combination has lowered the affordability hurdle but there is still a long way to go," Mr Wolfe said.

"For Melbourne, the median first-home buyer price eased to \$345,300 in the December quarter, with typical first-home repayments falling from \$2,111 to \$2,006," he added.

"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."

"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 30 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 costs to housing," Mr Wolfe said.



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**BRISBANE HOUSING AFFORDABILITY COMING BACK WITHIN REACH**

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

Figures released today from the HIA/Commonwealth Bank Affordability Report show that affordability improved in the December quarter, up 6.7 per cent to its highest level in over three years.

Queensland'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 a further easing in Brisbane house prices.

HIA's Executive Director of HIA Queensland, Mr Rick Wiley said that according to Commonwealth Bank figures, prices fell by 5.4 per cent in Brisbane over the quarter.

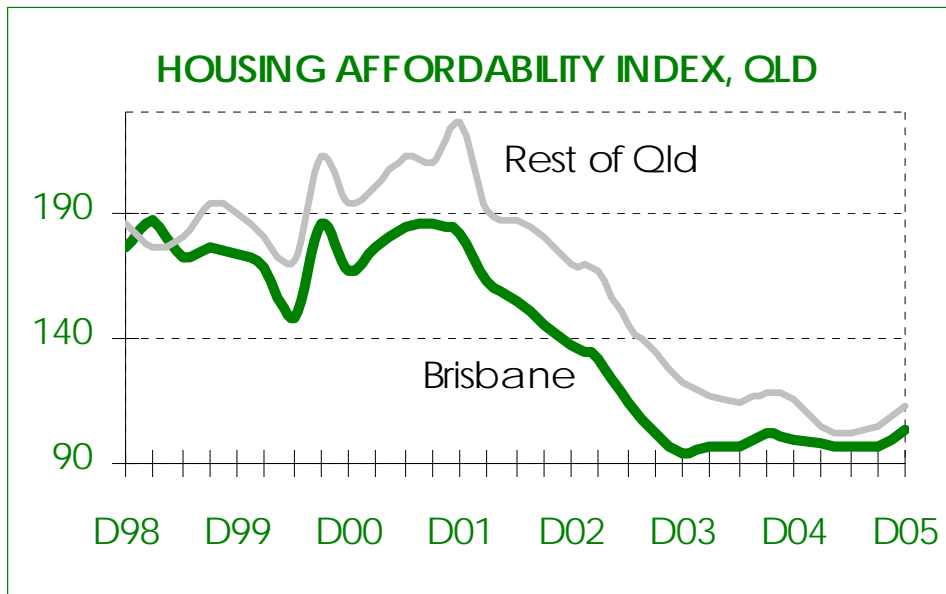
"For home buyers struggling to get into the market, this favourable combination has lowered the affordability hurdle but there is still a long way to go," Mr Wiley said.

"For Brisbane, the median first-home buyer price eased to \$342,900 in the December quarter, with typical first-home monthly repayments falling from \$2,106 to \$1,992," he added.

"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."

"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 17 per cent of their take home pay towards mortgage payments. Currently, home buyers need to put aside 29 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 Wiley said.



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**ADELAIDE HOUSING AFFORDABILITY COMING BACK WITHIN REACH**

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

Figures released today from the HIA/Commonwealth Bank Affordability Report show that affordability improved in the December quarter, up 6.0 per cent to its highest level in over a year.

South 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 a further easing in Adelaide house prices.

HIA's Executive Director of HIA South Australia, Mr Brenton Gardner said that according to Commonwealth Bank figures, prices fell by 4.9 per cent in Adelaide over the quarter.

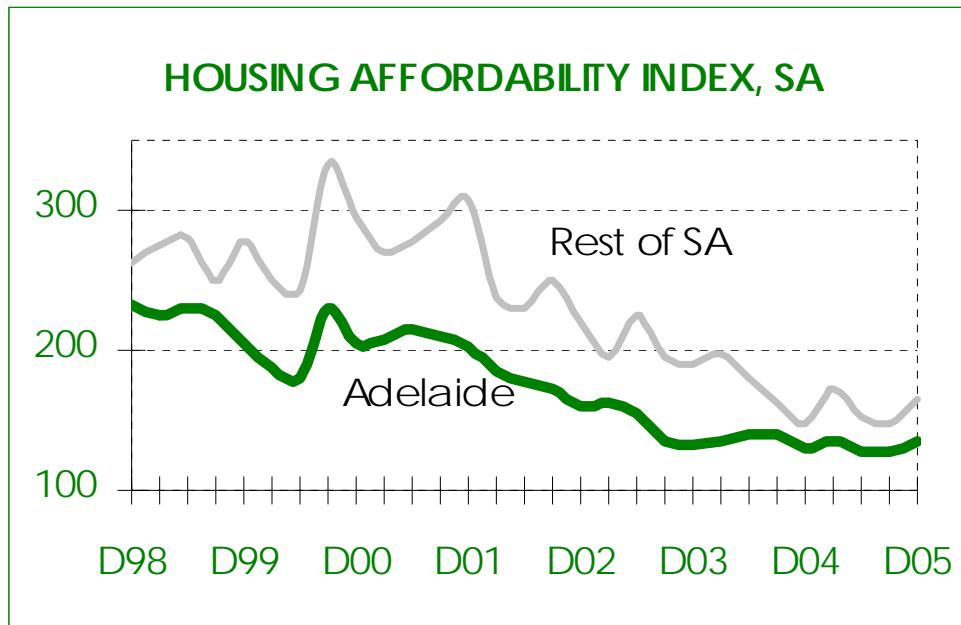
"For home buyers struggling to get into the market, this favourable combination has lowered the affordability hurdle but there is still a long way to go," Mr Gardner said.

"For Adelaide, the median first-home buyer price eased to \$261,500 in the December quarter, with typical first-home monthly repayments falling from \$1,597 to \$1,519," he added.

"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."

"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 14 per cent of their take home pay towards mortgage payments. Currently, home buyers need to put aside 22 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 Gardner said.



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**PERTH HOUSING AFFORDABILITY COMING BACK WITHIN REACH**

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

Figures released today from the HIA/Commonwealth Bank Affordability Report show that affordability improved in the December quarter, up 1.1 per cent.

Western 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 an easing in Perth house prices.

HIA's Executive Director of HIA Western Australia, Mr John Dastlik said that according to Commonwealth Bank figures, prices fell by 0.1 per cent in Perth over the quarter.

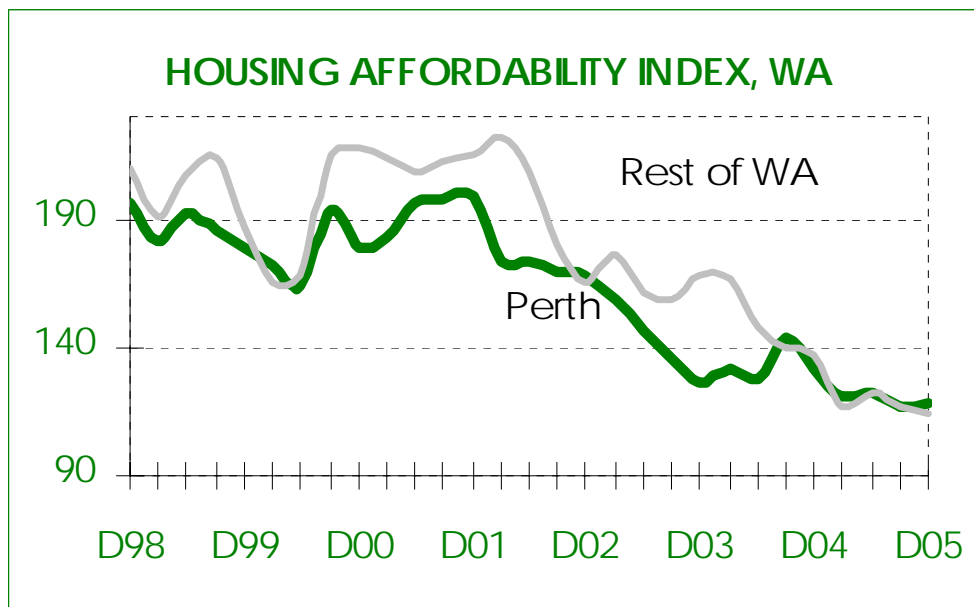
"For home buyers struggling to get into the market, this favourable combination has lowered the affordability hurdle but there is still a long way to go," Mr Dastlik said.

"For Perth, the median first-home buyer price eased to \$300,500 in the December quarter, with typical first-home monthly repayments falling from \$1,747 to \$1,745," he added.

"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."

"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 14 per cent of their take home pay towards mortgage payments. Currently, home buyers need to put aside 22 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 Dastlik said.



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**CANBERRA HOUSING AFFORDABILITY COMING BACK WITHIN REACH**

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

Figures released today from the HIA/Commonwealth Bank Affordability Report show that affordability improved in the December quarter, up 9.9 per cent to its highest level in over three years.

The ACT'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 a further easing in Canberra house prices.

HIA's Executive Director of HIA ACT Southern New South Wales, Ms Caroline Lemezina said that according to Commonwealth Bank figures, prices fell by 8.2 per cent in Canberra over the quarter.

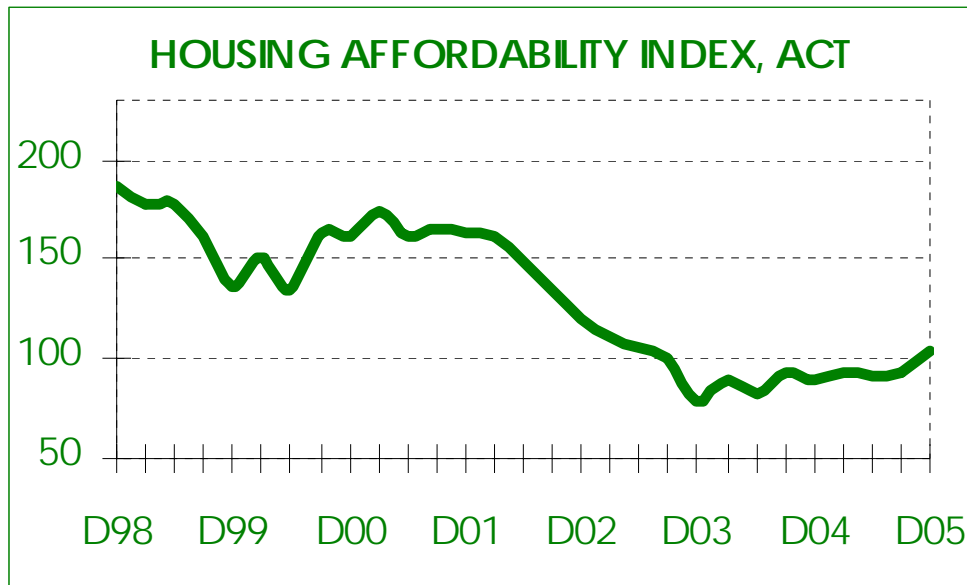
"For home buyers struggling to get into the market, this favourable combination has lowered the affordability hurdle but there is still a long way to go," Ms Lemezina said.

"For Canberra, the median first-home buyer price eased to \$343,800 in the December quarter, with typical first-home monthly repayments falling from \$2,176 to \$1,997," she added.

"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."

"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 17 per cent of their take home pay towards mortgage payments. Currently, home buyers need to put aside 29 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," Ms Lemezina said.



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