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HOUSING AFFORDABILITY AT ITS LOWEST ON RECORD

Last year's third interest rate rise coupled with an ongoing shortage of housing has sent housing affordability to its lowest level on record.

The December quarter 2006 HIA/Commonwealth Bank Housing affordability index is at its lowest since the index was established in 1984 with an average Australian first home buyer now needing in excess of 30 per cent of their disposable income to service minimum monthly payments on a new mortgage.

Australia's peak building industry body, HIA, said that while this is alarming enough, the index also shows that for the first time in history, Perth first home buyer housing is now less affordable than Sydney.

HIA's Executive Director of Housing and Economics, Mr Simon Tennent, said that it is patently obvious that the correction in housing markets and subsequent improvement in affordability predicted 2 years ago is way off the mark.

"The combination of rising prices over the quarter and the triple whammy of higher interest rates has pushed housing out of reach for an increasing number of households who are also facing sharp increases in private rents," he added.

"The case for a rethink on housing affordability and a targeted all-of-government approach to address the problem has never been more compelling."

Further Information

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