



**QUARTERLY REVIEW OF HOUSING AFFORDABILITY
SEPTEMBER QUARTER 2006**

MEDIA RELEASE

24 October 2006

HOUSING AFFORDABILITY FALLS TO A 3 YEAR LOW

The much needed recovery in housing affordability has fallen into a black hole.

The combination of a second interest rate rise in August and robust house prices has sent housing affordability back down to a 3 year low and not far from the bad old days of the late 1990's when mortgage interest rates reached 17 per cent.

Figures released today from the HIA/Commonwealth Bank Affordability Report show that affordability deteriorated for the third consecutive quarter in September, falling by 4 per cent to be 4.6 per cent lower than in the September quarter last year.

Australia's peak building industry body, HIA, said the lack of action to address the obvious supply squeeze brought about by dwindling land stocks and an escalation in government charges on development, has now come home to roost.

HIA's Executive Director of Housing and Economics, Mr Simon Tennent, said that the unstoppable force of housing demand has met the immovable object, namely an industry constrained from getting affordable housing, apartments or land onto the market.

"The unacceptably low levels of housing affordability in Australia are restricting home ownership, constraining residential construction, and exacerbating already very tight rental markets," Mr Tennent said.

"Since the national housing cycle hit its peak it has been readily apparent that the triple whammy of spiralling land costs, excessive fees and charges, and planning red tape was making a tangible recovery in housing affordability virtually impossible."

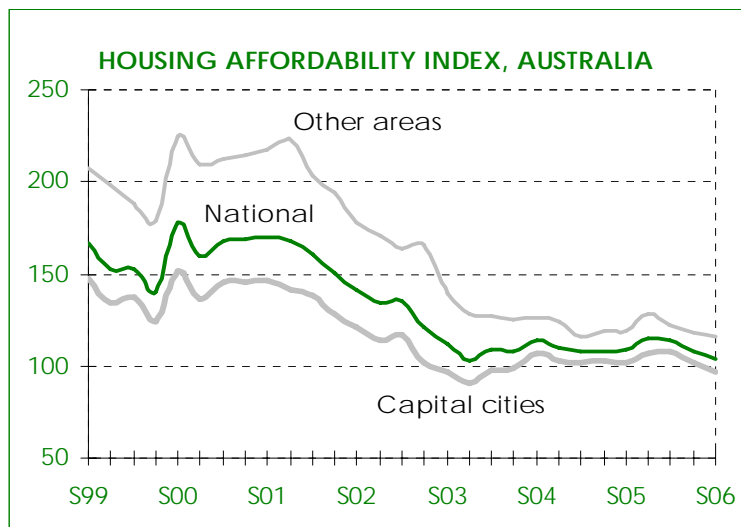
"Moreover, a distinct lack of progress in addressing these three factors means that in the higher interest rate climate of 2006 we find ourselves back in the same affordability hole," Mr Tennent added.

"First-home buyers entering the market would have to commit 29 per cent of their income towards mortgage payments, the highest ratio in nearly three years and a ratio knocking on the door of the 'no-go zone.'

"Home ownership is becoming more of a dream and less of a reality for an increasing number of households in Australia. With or without higher rates, this quite simply should not be the case by now. The need for urgent action rather than re-announcements has never been more compelling," Mr Tennent said.

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		
2004	Jun	330,500	7.05	1,877	81,200	72,400	75,100	67,000	108.1
	Sep	316,900	7.05	1,800	82,200	71,400	72,000	62,500	114.2
	Dec	328,700	7.05	1,867	82,300	71,300	74,700	64,700	110.2
2005	Mar	334,100	7.30	1,941	83,600	72,400	77,600	67,200	107.7
	Jun	337,000	7.30	1,957	84,800	72,700	78,300	67,100	108.3
	Sep	341,900	7.30	1,986	86,100	74,100	79,400	68,300	108.5
	Dec	327,400	7.30	1,902	87,200	74,700	76,100	65,200	114.6
2006	Mar	334,200	7.30	1,941	88,300	75,200	77,600	66,100	113.8
	Jun	350,000	7.55	2,078	89,600	75,800	83,100	70,300	107.8
	Sep	361,500	7.80	2,194	90,900	76,300	87,800	73,700	103.5



- Ends -

Note to Editors

- 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>.
- For a full copy of the HIA/Commonwealth Bank Affordability Report (media only), please visit <http://economics.hia.asn.au>
- The Commonwealth Bank is Australia's biggest home lender with over 1.1 million home loan customers.

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