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Rates Up – House Prices Up

Today's rise in interest rates will make it that much harder for those Australians battling mortgages and for those desperately trying to enter the market.

HIA's Managing Director, Dr Ron Silberberg, said today's rate rise was the last thing Australian households needed. Not only are interest rates up so are house prices.

"It's a double whack for average Australians," Dr Silberberg said.

Housing affordability is now at a record low, with little prospect of any improvement.

"Too many are being locked out of the market which is having some disturbing consequences for the private rental sector which is already strained," said Dr Silberberg.

Today's increase means that on average, households will be forced to find an extra \$40 per month to meet repayments. Faced with the pressures of rising petrol and grocery prices it is truly becoming a case of the straw that broke the camel's back.

"The current housing situation is dire and shows all the symptoms of inadequate supply. There is an immediate requirement to address supply constraints as without an increase in availability of affordable housing stock the situation will get worse," said Dr Silberberg.

Census data from 2006 shows that mortgage and rental stress are worse for those under thirty-five and single parent families. There are now more than one million households in housing stress and it is having serious effects on Australian families.

"To dismiss housing affordability as media beat-up shows callous indifference. There is urgent need for Governments to show some leadership," said Dr Silberberg.

HIA has developed a suite of policy solutions that if implemented will significantly improve housing affordability. The policy solutions will ensure that more affordable housing is available for those that need it.

A table of the effect of today's increase in interest rates on average mortgages is provided on the following page.

Further information:

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Monthly Payments by Mortgage Value Range

Loan Size	8.05%	8.30%	\$ Per Month
\$100,000	\$775.13	\$791.79	\$16.66
\$150,000	\$1,162.70	\$1,187.69	\$24.99
\$200,000	\$1,550.26	\$1,583.59	\$33.33
\$250,000	\$1,937.83	\$1,979.49	\$41.66
\$300,000	\$2,325.39	\$2,375.38	\$49.99
\$350,000	\$2,712.96	\$2,771.28	\$58.32
\$400,000	\$3,100.53	\$3,167.18	\$66.65

Monthly Payments on an Average New Mortgage

State	Loan Size	8.05%	8.30%	Additional \$ Per Month
NSW	\$252,200	\$1,954.88	\$1,996.90	\$42.02
VIC	\$230,000	\$1,782.80	\$1,821.13	\$38.32
QLD	\$235,000	\$1,821.56	\$1,860.72	\$39.16
SA	\$183,000	\$1,418.49	\$1,448.98	\$30.49
WA	\$241,000	\$1,868.07	\$1,908.22	\$40.16
TAS	\$182,000	\$1,410.74	\$1,441.07	\$30.33
NT	\$196,000	\$1,519.26	\$1,551.92	\$32.66
ACT	\$242,000	\$1,875.82	\$1,916.14	\$40.32