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MEDIA RELEASE

CommonwealthBank

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Housing Affordability Up in Four Consecutive Quarters

A lift in housing affordability in the December 2011 quarter marks four straight quarters of improvement, meaning conditions are steadily getting better for those trying to enter home ownership says the Housing Industry Association, the voice of Australia's residential building industry.

The HIA-Commonwealth Bank Housing Affordability Index improved by 2.2 per cent in the December 2011 quarter, an outcome which took the Affordability Index to a level that is 8.3 per cent above the level registered in the December 2010 quarter.

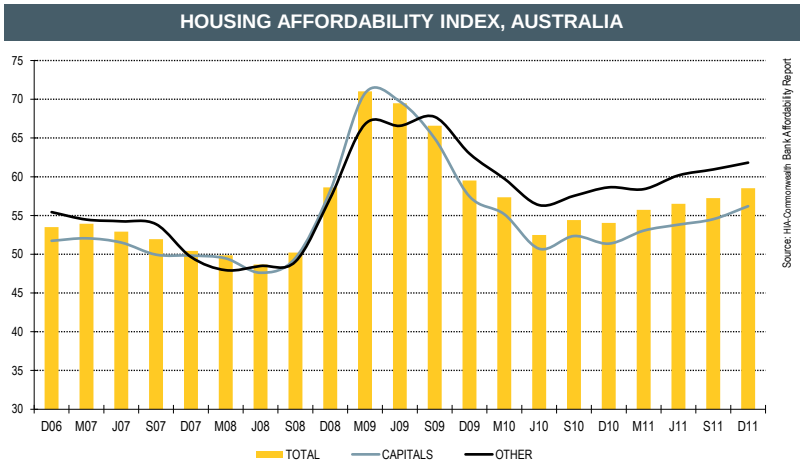
"A decrease in mortgage lending rates and continued earnings growth more than offset a modest increase in the median dwelling price to further improve housing affordability in the December 2011 quarter," said HIA's Senior Economist, Mr Andrew Harvey.

"As expected, the interest rate cuts in November and December of last year saw housing affordability continue to trend in the right direction. When the recent improvements in affordability are considered alongside the easier access to skilled trades as home building activity has eased, it increasingly looks like a good time to buy a new home for those financially able to do so," said Mr Harvey.

In the most recent quarter average weekly ordinary time earnings posted growth of 0.5 per cent and mortgage lending rates were down by a sizeable 0.25 percentage points. Meanwhile, home prices rose by 0.5 per cent in the December quarter although they were down by 1.8 per cent over the year.

Housing affordability in the December 2011 quarter improved in Australia's capital cities with the exception of Adelaide. Sydney improved by 3.5 per cent, Melbourne by 4.6 per cent, Brisbane by 7.9 per cent, Perth by 4.1 per cent, Hobart by 3.1 per cent and Canberra by 6.1 per cent. Adelaide's housing affordability declined by 3.6 per cent over the quarter.

Outside of the capital cities, affordability improved in New South Wales (up by 0.5 per cent), Victoria (up by 7.8 per cent), and Tasmania (up by 0.3 per cent). Meanwhile, non-metro affordability declined in Queensland (down by 0.1 per cent), South Australia (down by 2.0 per cent), and Western Australia (down by 5.5 per cent).



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MEDIA RELEASE

HOUSING AFFORDABILITY INDEX AUSTRALIA

	Median Dwelling Price	Interest Rate	Monthly Mortgage Repayment	Average Weekly Earnings*	Qualifying Income	Affordability Multiple	Affordability Index
	$	%pa	$	$	$		
Dec Qtr 09	476,600	5.68%	2,681	63,820	107,249	1.7	59.5
Mar Qtr 10	481,900	6.08%	2,817	64,605	112,661	1.8	57.3
Jun Qtr 10	502,700	6.67%	3,102	65,114	124,085	2.0	52.5
Sep Qtr 10	483,400	6.75%	3,006	65,411	120,235	1.9	54.4
Dec Qtr 10	481,600	7.02%	3,069	66,331	122,760	1.9	54.0
Mar Qtr 11	467,800	7.12%	3,008	67,064	120,320	1.8	55.7
Jun Qtr 11	469,100	7.08%	3,006	67,959	120,257	1.8	56.5
Sep Qtr 11	470,600	7.05%	3,007	68,853	120,281	1.8	57.2
Dec Qtr 11	473,000	6.80%	2,955	69,170	118,187	1.8	58.5

* Annualised

HOUSING AFFORDABILITY INDEX BY REGION

	NSW		VIC		QLD		WA		SA		TAS		ACT
	Sydney	Rest of State	Melbourne	Rest of State	Brisbane	Rest of State	Perth	Rest of State	Adeliade	Rest of State	Hobart	Rest of State	All
Jun Qtr 10	47.0	57.2	51.2	52.9	53.2	54.8	50.3	62.4	56.3	56.9	68.1	72.9	63.2
Sep Qtr 10	47.9	58.3	52.1	52.4	56.1	56.8	53.4	65.9	59.9	57.0	69.1	76.5	57.9
Dec Qtr 10	46.9	60.3	51.1	53.5	56.5	57.6	53.2	64.3	59.6	58.7	64.5	73.7	55.9
Mar Qtr 11	48.0	60.0	52.0	52.3	57.6	57.8	56.4	68.5	60.6	58.1	67.2	74.7	55.5
Jun Qtr 11	49.1	61.9	53.1	53.2	56.5	59.5	58.2	70.2	60.9	58.0	69.1	76.2	56.3
Sep Qtr 11	50.0	62.6	53.7	54.2	56.9	59.7	58.4	71.2	63.6	61.8	68.8	76.3	57.4
Dec Qtr 11	51.8	63.0	56.1	58.4	61.4	59.6	60.8	67.3	61.3	60.5	70.9	76.6	60.9

AFFORDABILITY MULTIPLE*

	NSW		VIC		QLD		WA		SA		TAS		ACT
	Sydney	Rest of State	Melbourne	Rest of State	Brisbane	Rest of State	Perth	Rest of State	Adeliade	Rest of State	Hobart	Rest of State	All
Jun Qtr 10	2.2	1.8	2.0	1.9	1.9	1.9	2.0	1.7	1.8	1.8	1.5	1.4	1.6
Sep Qtr 10	2.1	1.8	2.0	2.0	1.8	1.8	1.9	1.6	1.7	1.8	1.5	1.4	1.8
Dec Qtr 10	2.2	1.7	2.0	1.9	1.8	1.8	1.9	1.6	1.7	1.8	1.6	1.4	1.8
Mar Qtr 11	2.1	1.7	2.0	2.0	1.8	1.8	1.8	1.5	1.7	1.8	1.5	1.4	1.9
Jun Qtr 11	2.1	1.7	1.9	1.9	1.8	1.7	1.8	1.5	1.7	1.8	1.5	1.4	1.8
Sep Qtr 11	2.1	1.6	1.9	1.9	1.8	1.7	1.8	1.5	1.6	1.7	1.5	1.4	1.8
Dec Qtr 11	2.0	1.6	1.8	1.8	1.7	1.7	1.7	1.5	1.7	1.7	1.5	1.4	1.7

REQUIRED LOAN REPAYMENTS BY REGION ($PER MONTH)

	NSW		VIC		QLD		WA		SA		TAS		ACT
	Sydney	Rest of State	Melbourne	Rest of State	Brisbane	Rest of State	Perth	Rest of State	Adeliade	Rest of State	Hobart	Rest of State	All
Jun Qtr 10	3,831	2,458	3,376	2,331	3,377	2,627	3,558	2,742	2,797	2,149	2,209	1,854	3,002
Sep Qtr 10	3,769	2,419	3,334	2,370	3,232	2,560	3,398	2,633	2,645	2,160	2,194	1,782	3,282
Dec Qtr 10	3,888	2,358	3,437	2,343	3,261	2,564	3,482	2,753	2,700	2,132	2,385	1,875	3,417
Mar Qtr 11	3,875	2,422	3,370	2,391	3,207	2,564	3,388	2,665	2,673	2,168	2,337	1,889	3,469
Jun Qtr 11	3,824	2,366	3,335	2,377	3,320	2,525	3,325	2,633	2,696	2,201	2,301	1,875	3,472
Sep Qtr 11	3,790	2,361	3,335	2,358	3,311	2,528	3,457	2,713	2,645	2,116	2,334	1,891	3,467
Dec Qtr 11	3,635	2,332	3,260	2,239	3,078	2,541	3,288	2,843	2,742	2,158	2,280	1,898	3,288

* Number of average full time adult wages required to affordably service a mortgage on median priced dwelling.

NOTE: In 2010 the HIA Economics Group implemented a number of modifications to the HIA-Commonwealth Bank Housing Affordability Index to enable more accurate evaluation of housing affordability in Australia. As a result of the amended methods the Index has been rebased, therefore values in this report are not directly comparable with editions prior to the September 2010 quarter report. Further information about the index methodology can be obtained from the HIA Economics Group website at http://economics.hia.com.au/publications/hia_cba_affordability_report.aspx