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MEDIA RELEASE

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# Tasmanian Housing Affordability Improves

Despite the divergent results in dwelling prices, affordability has improved across the board in Tasmania according to a report released by HIA today.

Stuart Clues, HIA Executive Director, said "Hobart's Affordability Index increased by 3.1 per cent (2.1 points) on the previous quarter and by 10.0 per cent (6.5 points) on the December 2010 quarter. For the rest of Tasmania, the Affordability Index in the December 2011 quarter increased by a modest 0.3 per cent (0.2 points) on the previous quarter, and by 3.9 per cent (2.9 points) against the same period in the 2010."

Mr Clues said "Median dwelling prices as at the December 2011 quarter are mixed across Tasmania as results diverge between Hobart and the rest of the state. In Hobart the median dwelling price fell by 0.1 per cent from the previous quarter to be down by 2.5 per cent when compared to the December 2010 quarter. In the rest of Tasmania median dwelling prices were rising, up by 2.7 per cent over the most recent quarter and by 3.3 per cent on the December 2010 quarter."

Looking at Average Weekly Ordinary Times Earnings (AWOTE) in Tasmania, the three months to November 2011 posted a 0.7 per cent increase on the previous quarter's results to give a 5.2 per cent increase on the same period in 2010, somewhat surprisingly above with the level of growth in AWOTE nationally (4.3 per cent).

**HOUSING AFFORDABILITY INDEX, TAS**

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"Nationally the HIA-Commonwealth Bank Housing Affordability Index rose by 2.2 per cent (1.3 points) in the December 2011 quarter, representing the fourth consecutive quarter in which housing affordability has improved. The Index was 8.3 per cent (4.5 points) higher in the December 2011 quarter than it was in the December 2010 quarter" said Stuart Clues.

"Lower interest rates and reasonable earnings growth drove the December quarter improvement. Monthly mortgage repayments in the December quarter eased by a non-trivial 1.74 per cent on the back of lower interest rates while the average weekly ordinary time earnings of an adult working full time (AWOTE) increased by 0.5 per cent over the three months to November 2011.

"Offsetting these positive influences was a modest increase in dwelling prices at the aggregate national level. The December 2011 quarter saw the median dwelling price up by 0.5 per cent on the previous quarter, although prices were down by 1.8 per cent when compared to the December 2010 quarter.

"The December quarter result wraps up 2011 as a better year for housing affordability and certainly provides some good news for prospective homebuyers. The official interest rate cuts of late 2011 were fundamental to the affordability improvement seen in the December quarter and over the entire 2011 calendar year. Good earnings growth and softening dwelling prices also helped" said Mr Clues.

**HIGHLIGHTS**

- A sizeable decrease in the mortgage lending rate combined with reasonable income growth to improve affordability in the December 2011 quarter.
- The headline HIA-CBA Affordability Index increased by 2.2 per cent in the December 2011 quarter to be 8.3 per cent higher than in the corresponding period one year earlier.
- This outcome took affordability to its highest point since the December 2009 quarter.
- Sydney remains home to the nation's least affordable housing, followed by Melbourne.
- A surge in Brisbane's affordability saw the city become more affordable than Adelaide.

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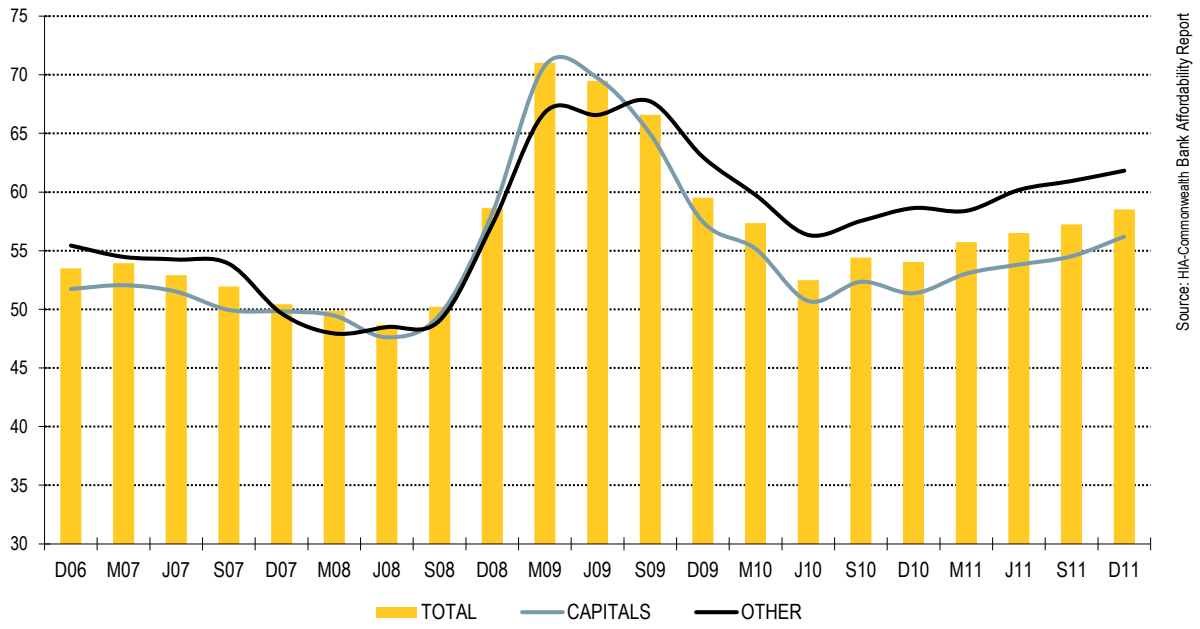
## HOUSING AFFORDABILITY INDEX, AUSTRALIA




## 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

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## Dwelling Prices

The dwelling prices used in this publication are medians of those financed by the Commonwealth Bank. As such they cannot and do not take account of changes in the mix of size, location and quality of dwellings financed. Quarter-to-quarter variations therefore reflect any changes in the composition of housing financed, as well as changes in the price of a dwelling of a given size, location, and quality.

### DWELLING PRICE MOVEMENT*

| December Quarter 2010 to December Quarter 2011 | Capital City | Rest of State |
|---|---|---|
| NSW | -4.6% | 0.9% |
| VIC | -3.2% | -2.5% |
| QLD | -3.7% | 1.1% |
| WA | -3.7% | 5.3% |
| SA | 3.6% | 3.2% |
| TAS | -2.5% | 3.3% |
| ACT | -1.9% | N/A |

| September Quarter 2011 to December Quarter 2011 | | |
|---|---|---|
| NSW | -1.9% | 1.1% |
| VIC | 0.0% | -2.9% |
| QLD | -4.9% | 2.8% |
| WA | -2.7% | 7.2% |
| SA | 6.0% | 4.3% |
| TAS | -0.1% | 2.7% |
| ACT | -3.0% | N/A |

(% change in median price)

### 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.

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