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MEDIA RELEASE

### Fastest improvement in affordability in six years

“The HIA Affordability Index rose by 2.2 per cent in the March 2019 quarter to post the most significant improvement in affordability since September 2013,” said Tim Reardon, HIA Chief Economist.

HIA’s Affordability Index is calculated for each of the eight capital cities and regional areas on a quarterly basis and takes into account the latest dwelling prices, mortgage interest rates and wage developments.

“The improvement in housing affordability has been experienced across the country, with the exception only of Tasmania and the ACT, where ongoing house price growth has seen affordability remain static,” added Mr Reardon.

“The boom in home building of the past five years is a key factor behind the improvement in housing affordability. With completions of new homes remaining at elevated levels, affordability is poised to continue to improve.

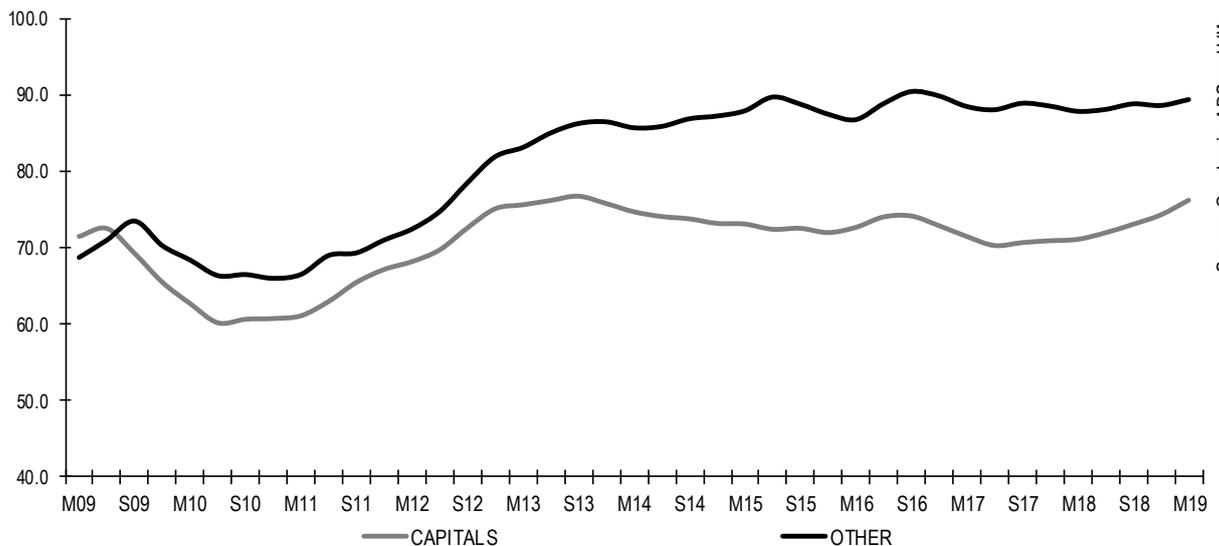
“Wage growth also contributed to the improvement in affordability.

“The improvement in affordability is most significant in east coast capital cities. Affordability in Sydney deteriorated to an extent that in June 2017 it required two average Sydney incomes to be able to afford repayments on an average Sydney home. In just over a year this has improved to only requiring 1.8 standard incomes to purchase the same home.

“Similarly, in Melbourne the Affordability Index has improved by almost 10 per cent in a year,” concluded Mr Reardon.

Five of the eight capital cities saw improved affordability over the year to March 2019. Sydney continues to be home to the greatest improvements, its index is up by 12.4 per cent. This was followed by Melbourne (+9.6 per cent), Perth (+7.7 per cent), Darwin (+5.9 per cent) and Brisbane (+2.5 per cent). Affordability deteriorated in Hobart (-5.1 per cent), Canberra (-5.1 per cent) and Adelaide (-1.1 per cent).

HIA HOUSING AFFORDABILITY INDEX, AUSTRALIA



Source: CoreLogic, ABS and HIA

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