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FOR IMMEDIATE RELEASE

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MEDIA RELEASE

## Where will future housing affordability gains be made?

“The cuts to interest rates have more than offset the rise in home prices to ensure an ongoing improvement in housing affordability,” stated Tim Reardon, HIA’s 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.

“Despite recent house price increases, all eight capital cities experienced an improvement in affordability.

“The HIA Affordability Index improved by 2.2 per cent in the September 2019 quarter due to the reduction in interest rates and ongoing wage growth,” added Mr Reardon.

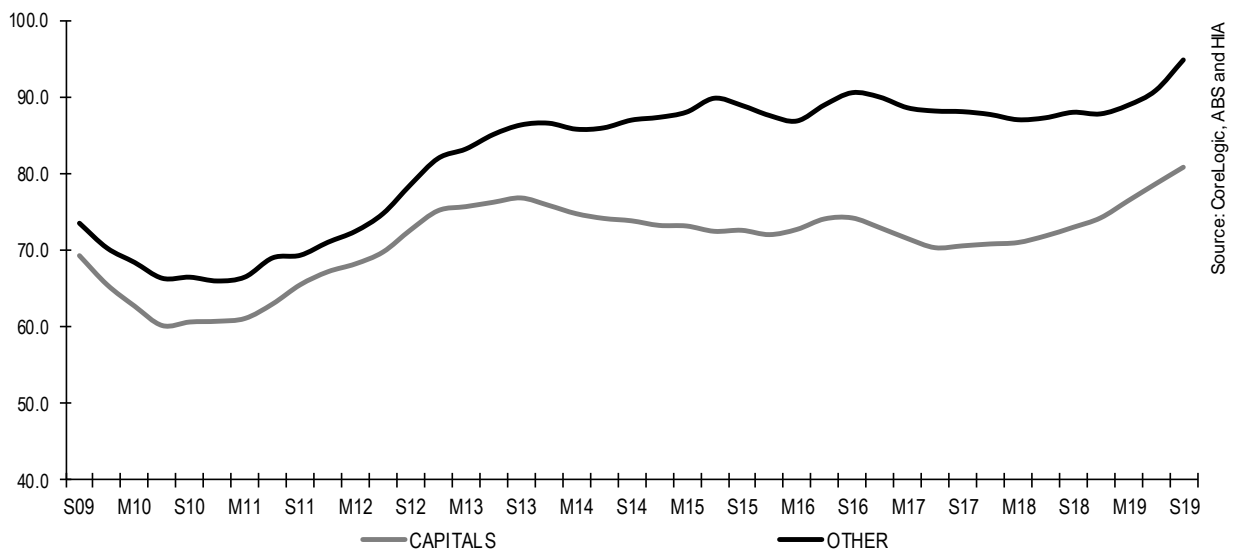
“Australians are still a nation that aspires to own a home. Over 90 per cent of renters want to own their own home, partly due to the financial stability it provides in retirement.

“With little opportunity for interest rates to be reduced further, improvements in affordability will require the right economic conditions with a strong volume of new homes, low interest rates and supportive policy settings from state and federal governments.

“Up to 50 per cent of the cost of a house and land package can be red tape and taxes. Reducing the tax on homes and ensuring an adequate supply of homes is an ongoing challenge for governments,” concluded Mr Reardon.

All of the eight capital cities saw improved affordability over the year to September 2019. Perth experienced the greatest improvement, its index is up by 15.3 per cent. This was followed by Darwin (+13.5 per cent), Sydney (+11.9 per cent), Melbourne (+11.6 per cent) and Brisbane (+7.0 per cent). Affordability in Adelaide (+4.9 per cent), Hobart (+3.3 per cent) and Canberra (+1.4 per cent) also improved.

HIA HOUSING AFFORDABILITY INDEX, AUSTRALIA



Source: CoreLogic, ABS and HIA

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