

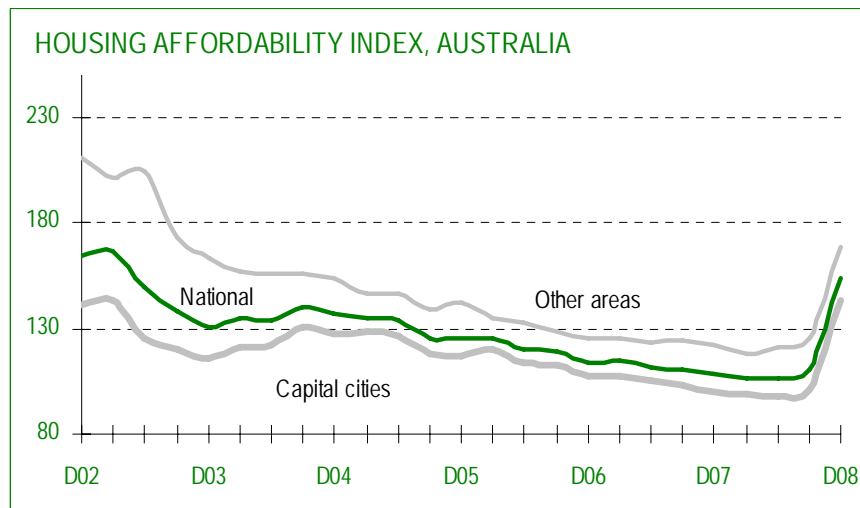


HIA-Commonwealth Bank Affordability Report

A Quarterly update on the affordability of housing

Highlights

- **The First Home Buyer Affordability Index improved by 39.2 per cent** in the December 2008 quarter to be 41.7 per cent higher than the same period in 2007.
- The affordability index improved significantly in all capital cities and regional areas.
- The impact of lower interest rates and house prices during the December 2008 quarter contributed to **the monthly loan repayment needed on a typical first-home mortgage** decreasing from \$2,796 to \$2,056, a fall of 26 per cent. Mortgage payments now account for 19.5 per cent of total first home buyer income, a significant improvement on the September quarter's 27.2 per cent.



Affordability Surges on Lower Interest Rates

Large interest rate drops, the First Home Owners Bonus (FHOB), and some moderation in house prices saw a record improvement in housing affordability in the December quarter of 2008.

The HIA-Commonwealth Bank Housing Affordability Index for first home buyers improved by 39.2 per cent over the December quarter. This took housing affordability to levels not seen since 2003.

Housing affordability improved dramatically in all capital cities and regional areas. The biggest movers over the quarter included Brisbane, Perth, Canberra, and regional Western Australia.

Sydney remains the most unaffordable capital city, although Brisbane and Canberra are almost level pegging with Sydney. The most affordable capital city by some distance is Hobart.

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Housing Affordability Index, Australia

Quarter	Median First Home Price	Interest Rate	Monthly Payment	Average Annual Household Income		Qualifying Annual Income		Housing Affordability Index	
				Total	Disposable	Total	Disposable		
				\$	\$	\$	\$		
2007	Mar	408,800	7.50	2,387	109,400	80,000	95,500	69,800	114.6
	Jun	423,900	7.45	2,495	111,800	82,000	99,800	73,200	112.0
	Sep	431,300	7.70	2,595	115,100	83,100	103,800	74,900	110.9
	Dec	436,000	7.95	2,681	116,200	83,600	107,200	77,100	108.4
2008	Mar	425,600	8.75	2,799	118,600	84,700	112,000	80,000	105.9
	Jun	424,700	8.90	2,828	120,500	85,800	113,100	80,500	106.6
	Sep	418,100	8.95	2,796	123,300	88,700	111,800	80,400	110.3
	Dec	391,400	6.20	2,056	126,200	91,700	82,200	59,700	153.6

Affordability Index by Region

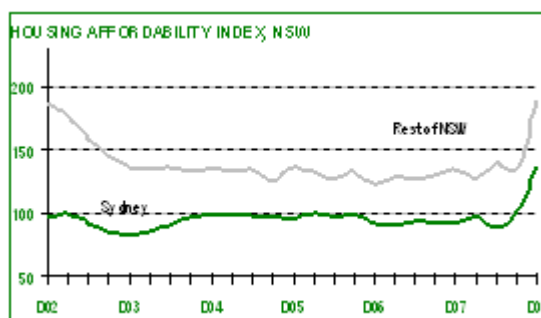
	NSW		Vic		Qld		WA		SA		Tas		ACT
	Sydney	Rest	Melb	Rest	Brisb	Rest	Perth	Rest	Adl	Rest	Hobart	Rest	
Dec-07	91.9	134.4	108.9	149.8	97.7	104.0	94.0	97.2	126.7	159.5	151.2	160.8	102.8
Mar-08	96.7	127.6	105.2	148.3	83.8	101.4	93.1	87.7	124.4	146.5	153.7	145.8	87.1
Jun-08	88.8	139.7	105.0	158.0	92.0	97.8	98.8	95.8	113.3	139.1	146.4	154.6	109.4
Sep-08	102.1	134.6	108.4	154.5	91.3	109.0	92.1	96.5	117.5	141.2	148.8	173.6	96.0
Dec-08	136.7	189.9	149.1	205.1	137.3	141.1	145.3	142.2	152.3	198.9	194.3	218.3	137.5

Required Loan Repayments by Region (\$ per month)

Dec-07	3,162	2,161	2,671	1,941	2,976	2,796	3,088	2,991	2,293	1,822	1,919	1,808	2,824
Mar-08	3,064	2,325	2,817	1,997	3,538	2,922	3,185	3,379	2,384	2,025	1,928	2,034	3,402
Jun-08	3,393	2,155	2,889	1,906	3,277	3,081	3,047	3,147	2,658	2,185	2,058	1,951	2,753
Sep-08	3,020	2,290	2,842	1,995	3,377	2,829	3,346	3,193	2,622	2,183	2,071	1,775	3,209
Dec-08	2,307	1,862	2,114	1,538	2,297	2,238	2,169	2,221	2,072	1,585	1,624	1,446	2,296

NEW SOUTH WALES

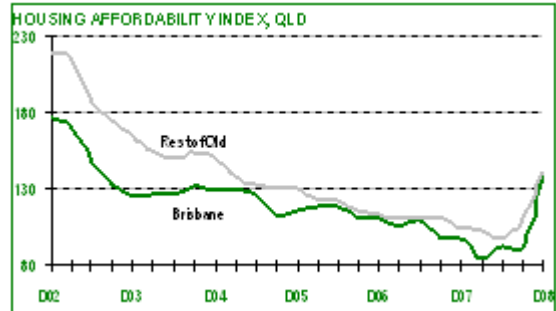
Sydney's first home buyer affordability improved over the December quarter on account of lower interest rates. Affordability improved by 34 per cent with loan repayments falling by more than \$700 per month, helping to partially offset a long period of very low housing affordability. Affordability in Regional NSW improved by 41 per cent to a six year high.





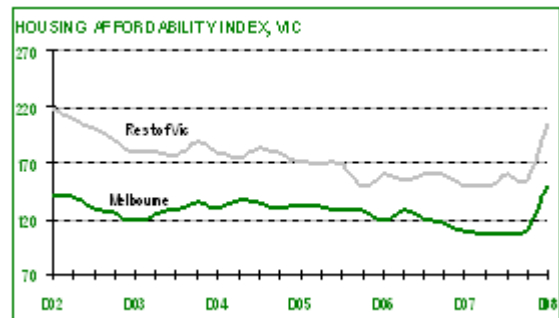
QUEENSLAND

First home buyer affordability improved by a massive 50 per cent in Brisbane in the December quarter in response to lower property prices and lower interest rates. Lower interest rates pushed affordability up by 20.9 per cent in Regional Queensland.



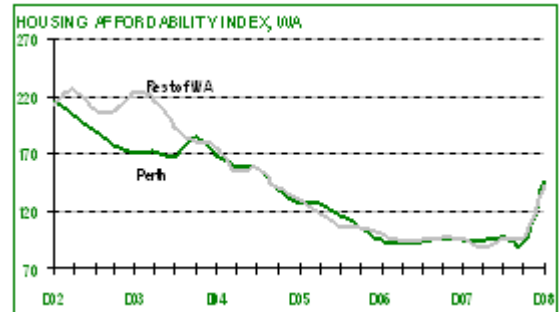
VICTORIA

Affordability for Melbourne improved by 38 per cent. Lower interest rates and the FHOB meant that monthly loan repayments dropped by over 25 per cent. *First* home buyer affordability improved by 33 per cent in Regional Victoria and this region now offers the second best affordability level in Australia.



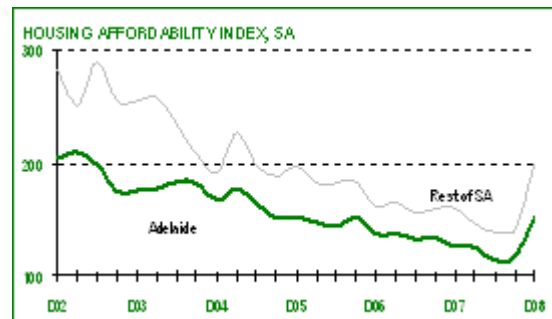
WESTERN AUSTRALIA

Perth's First home buyer affordability improved dramatically in the December quarter with monthly loan repayments dropping by 35.2 per cent and affordability increasing by 58 per cent. Lower interest rates and moderating house prices pushed affordability up by 47 per cent in Regional Western Australia.



SOUTH AUSTRALIA

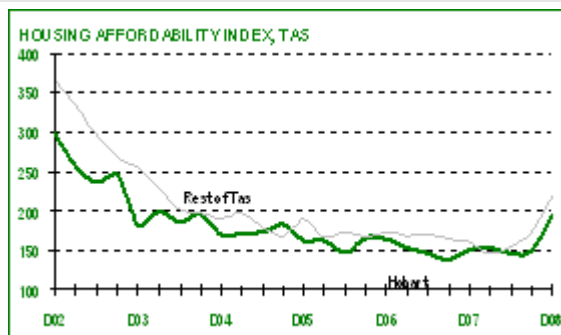
Adelaide's first home buyer affordability improved over the December quarter on account of lower interest rates. Affordability improved by 30 per cent with loan repayments down by \$550 per month. Affordability in Regional South Australia improved by 41 per cent.





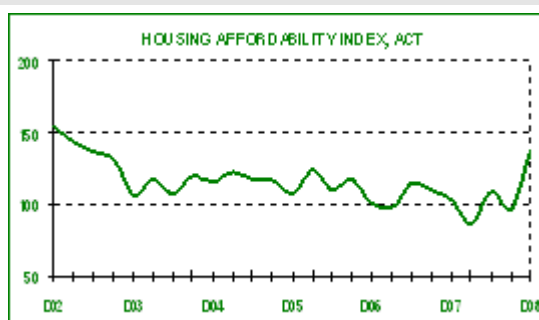
TASMANIA

Affordability for Hobart improved by 31 per cent. Lower interest rates and the FHOB mean that monthly loan repayments dropped by 22 per cent. First home buyer affordability improved by 26 per cent in Regional Tasmania. Tasmania continues to have the most affordable housing in the nation.



AUSTRALIAN CAPITAL TERRITORY

First home buyer affordability improved sharply in Canberra in the December quarter, up by 43 per cent. Loan repayments dropped by over \$900 per month on account of lower interest rates and lower house prices.



DWELLING PRICE MOVEMENTS

(% change in median price, FHB Dwellings)

Dec qtr '07 to Dec qtr '08		
	Capital City	Rest of State
NSW	-12.8%	- 7.4%
VIC	- 5.3%	4.3%
QLD	- 7.8%	- 4.4%
WA	- 15.9%	- 11.2%
SA	7.9%	4.6%
TAS	1.7%	- 3.5%
ACT	- 2.9%	N/A
Sep qtr '08 to Dec qtr '08		
	Capital City	Rest of State
NSW	- 0.9%	- 5.0%
VIC	- 3.2%	0.9%
QLD	- 11.6%	2.7%
WA	- 15.6%	- 9.5%
SA	2.7%	- 4.9%
TAS	2.5%	6.7%
ACT	- 7.0%	N/A

DWELLING PRICES

The dwelling prices used in this publication is 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 house of a given size, location, and quality.

NOTE:

For more detailed information on house prices, please refer to the Commonwealth Bank's online Property Value Guide at <http://www.commbank.com.au/propertyvalueguide> and double click on the "START Property Value Guide".

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