

Senate Economics Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Additional Estimates 14 – 15 February 2007

Question: aet 98

Topic: First Home Buyer Affordability Index

Hansard Page: E39

Senator SHERRY asked:

Before I deal with the issue of modelling that I touched on earlier this morning, I have some issues relating to housing affordability. What is the current level of housing affordability in Australia?

Dr Kennedy—According to measures such as the HIA's First Home Buyer Affordability Index, housing affordability is at quite low levels at the moment.

Senator SHERRY—Do you have a figure?

Dr Kennedy—The First Home Buyer Affordability Index was at an all-time low in the December 2006 quarter, indicating that first home buyers would need to spend 30.7 per cent of average household income on mortgage repayments.

Senator SHERRY—When you say an all-time low, how far does 'all time' go back?

Dr Kennedy—The history of that series?

Senator SHERRY—Yes.

Dr Kennedy—I do not know off the top of my head. It would go back at least 15 years.

Senator SHERRY—Perhaps you could just confirm that detail on notice.

Dr Kennedy—Yes.

Answer:

Information about the HIA's First Home Buyer Affordability Index, including its commencement date can be found on the HIA website at <http://economics.hia.com.au/>.