

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Budget Estimates

1 June – 3 June 2010

Question: BET 98

Topic: House Prices

Hansard Page: E31 (03/06/2010)

Senator JOYCE asked:

Senator JOYCE—Would you say that the Australian domestic house price is at a high level compared to OECD countries? Do we have a high price for houses or a low price for houses?

Mr Lonsdale—Again, I think our Macro colleagues would have a better international perspective of the comparison of Australian housing prices to others.

Dr Kennedy—I could probably help you with that, Senator. If you looked at house price to income ratios in the OECD, I think Australia would have around the fourth highest house price to income ratio.

Senator JOYCE—The fourth highest?

Dr Kennedy—Again, we have to check all these facts.

Answer:

The OECD believes house prices-to-income ratios are best compared across countries when taken as a difference from their long-run average. In 2009 the Australian house prices-to-income ratio, relative to its long-run average, was the fifth highest in the OECD, out of 18 countries.