HOUSING AFFORDABILITY REPORT

DECEMBER QUARTER 2018

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CoreLogic®

ANZ

FOREWORD

This inaugural edition of the **ANZ-CoreLogic Housing Affordability Report** is a guide to the trends and main drivers of housing affordability across Australia.

Housing is a fundamental human requirement, as a form of both shelter and security. Buying a home is an aspiration for many Australians and is more often than not the largest financial investment a person will make in their lifetime. Home ownership is not for everyone, but security of tenure is. Whether it is to buy or rent, access to housing at an affordable price is a necessity for all Australians.

The factors that have eroded housing affordability over the past few decades are deep and varied. The secular decline in interest rates brought about by the decline in inflation in the 1990s, together with financial deregulation, was a primary driver of the increase in prices between the early 1990s and mid-2000s.

More recently, strong population growth has put pressure on the available stock of housing. Together with the further reduction in interest rates following the global financial crisis, this drove a sharp increase in house prices between 2012 and 2017. Moreover, Australia's concentration of urban population in its two largest cities, as well as unusually low population densities, has created an environment of unique pressures.

The impact of these key drivers has been exacerbated in Australia by a range of issues related to infrastructure and concessional tax treatment for investor housing and rental conditions which, on international comparisons, favour landlords. Consequently, home-ownership rates have fallen across virtually all age cohorts and especially amongst those on lower incomes. These households in lower income brackets – increasingly renters – are also spending a greater proportion of their income on housing.

Housing affordability is a key focus for policy makers, and has become increasingly so over the past few years. While the recent decline in housing prices has helped to lift many measures of affordability more recently, improving conditions across the income spectrum and tenure models requires governments, the private and not-for-profit sectors to work together, and for that we need regular, reliable data.

The analysis provided here by ANZ and CoreLogic is designed to inform the discussion around policies that aim to improve affordability. Over time, this report will track changes in affordability for home owners, aspirational buyers and renters.

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INTRODUCTION

Although dwelling values are generally trending lower currently, the cost of purchasing a residential property has recorded a substantial increase across many regions of Australia over the past two decades, causing housing affordability to become a much more prominent issue.

Over the past quarter of a century there has been a broad range of factors that have contributed to a substantial increase in the cost of dwellings.

These factors include:

- The deregulation of financial markets which has seen the banking sector become more efficient and competitive
- Inflation targeting by the Reserve Bank which has resulted in significantly lower levels of inflation which has contributed to much lower mortgage rates
- High population growth coupled with a generally insufficient supply response
- Construction costs which have consistently increased at a rate in excess of inflation
- High demand to live close to the major working centres where jobs, infrastructure and amenity are often more available
- An ongoing rise in investment as a proportion of overall housing market activity which has contributed to higher demand.

The fact that housing has over recent decades seen fairly consistent growth has encouraged people to spend more on better located, larger and subsequently more expensive housing. More recently though housing market conditions have weakened with dwelling values falling in Sydney and Melbourne as well as Western Australia and Darwin while most other regions around the country have seen the rate of value growth generally soften.

Against this backdrop of appreciation in home values over a long period of time, household incomes have risen at a much lower rate, which has led to a divergence between the cost of housing and the proportion of household income it takes to purchase a home. At the same time, with mortgage rates currently tracking at the lowest level since the 1960's, servicing a home loan is generally more manageable now than it was ten years ago.

Another aspect of housing affordability that isn't discussed as much is rental affordability. Rental rates have increased at a substantially slower pace of growth relative to dwelling values. The result is that rental affordability has actually improved substantially over recent years.

Housing affordability trends vary remarkably across the regions of Australia. This report endeavors to provide a comprehensive measurement of housing affordability from a variety of perspectives, including the relationship between dwelling prices and household incomes, the challenge of saving for a deposit, mortgage serviceability and rental rates relative to household incomes.

The measures of housing affordability included in this report are:

1. The ratio of dwelling values to annual household income.
2. The number of years it takes to save a 20% deposit, based on the assumption that households can save 15% of their gross annual income.
3. The proportion of household income required to service an new 80% loan to valuation ratio (LVR) mortgage.
4. The proportion of household income required to pay the rent.

METHODOLOGY

1. THE RATIO OF DWELLING VALUES TO ANNUAL HOUSEHOLD INCOME

Utilising median household income data from the ANU Centre for Social Research and Methods (ANU) and median dwelling value data from CoreLogic we determine the ratio of dwelling values to household income over time. The expressed figure is a multiple of median household income. For example, a city where the median dwelling value is $500,000 and the median household income is $100,000, the ratio would be 5.0 (dwelling values are 5 times higher than gross annual household incomes).

2. THE NUMBER OF YEARS IT TAKES TO SAVE A 20% DEPOSIT

Using the ANU's median household income data we provide a measure of affordability for those households that don't yet own a home. This analysis assumes a household can save 15% of their gross annual household income. Based on these savings, the result measures how many years it would take to save a 20% deposit. For example, based on a 15% savings objective, a household earning $100,000 gross per annum would save $15,000 per annum. If the median dwelling value across the city was $500,000, a 20% deposit would equate to $100,000. Based on the household savings, it would take 6.7 years to save a 20% deposit.

3. THE PROPORTION OF HOUSEHOLD INCOME REQUIRED TO SERVICE AN 80% LVR MORTGAGE.

This measure looks at mortgage serviceability for households that are purchasing a home at any given time. Based on a point in time, assuming the owner has borrowed 80% of the median dwelling value and is paying the discounted variable mortgage rate, we measure the proportion of gross annual household income required to service the mortgage. For example, based on a median dwelling value of $500,000 and a 20% deposit, the loan principal would be $400,000. If the median household income was $100,000 and the current discounted variable mortgage rate was 4.5%, the household would be up for $26,660 in mortgage repayments each year, or 26.7% of their gross annual household income.

4. THE PROPORTION OF HOUSEHOLD INCOME REQUIRED TO PAY THE RENT.

Utilising household income data together with the median weekly rental payment we measure what percentage of gross annual household income is required to pay the rent. For example, a household earning $100,000 per annum in a city where the median weekly rent is $500 would be dedicating 26% of their gross annual household income towards paying their landlord.

While the report provides valuable insight, particularly when analysed over time, it is important to remember that the analysis does not take into consideration other factors such as the evolving composition of household income (fewer single income families) or the quality of housing and housing size. Furthermore, you will find that ratios are often quite high in some coastal and lifestyle markets when in fact many of these properties are owned as holiday or investment homes meaning that many owners don't live in the area so are earning different (often higher) wages to those that live locally. The results in these markets may also be skewed by the larger proportions of retires or semi-retirees who would typically show a lower household income profile.

OVERVIEW

The latest data highlights that housing affordability is improving across the country. The improvement is being driven by falling values rather than a substantial lift in wages.

This improvement follows a long period when housing affordability deteriorated as dwelling values increased at a much faster pace than household incomes. While this trend is clearly evident across most regions of Australia over the past two decades, the past ten years has seen worsening housing affordability being fuelled primarily by strong growth in property values across Sydney, Melbourne, Regional NSW and more recently Hobart. While Sydney and Melbourne are the two largest cities and have a strong influence over national trends, outside of these markets, property value growth has been limited, and in many instances housing affordability has been improving as incomes rise faster than dwelling values and mortgage rates have reduced.

Throughout the individual capital cities, on every measure except rental affordability, Sydney is overwhelmingly the least affordable housing market followed by Melbourne. With property prices in both of these cities now falling there has been some moderate improvement in affordability, however both cities remain significantly less affordable than other capital cities. Darwin is a much more affordable housing market than all other capital cities due to its high incomes and ongoing declining property prices. Canberra is also more affordable than most other capital cities again due to a prevalence of high household incomes.

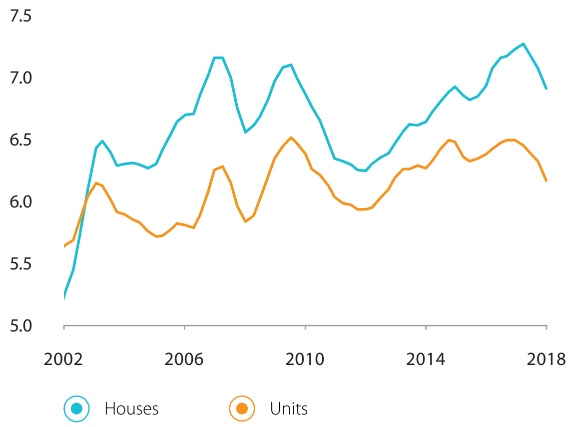
From a rental affordability perspective, Hobart is now the most unaffordable capital city rental market; a product of relatively low household incomes and surging rents over recent years. The past twelve months alone have seen rents in Hobart rise by 7.1%. At the other end of the rental affordability spectrum is Darwin, where rents have seen substantial falls over recent years while household incomes have pushed higher.

In regional areas, regional NSW is much less affordable than all other regional markets due to the strong value growth over recent years. Regional Vic is the second least affordable regional market in the country due to relatively high values in large markets such as the Surf Coast and Bellarine Peninsula. Regional areas of SA and WA are the most affordable regional markets in the country due to the ongoing declines in property prices since the end of the mining boom.

NATIONAL OVERVIEW

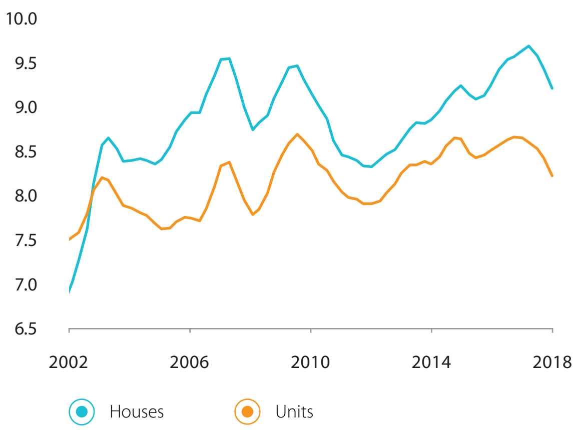
VALUE TO INCOME RATIO

As at December 2018 the national dwelling value to income ratio was measured at 6.7; down from 6.8 the previous quarter and 7.0 in December 2017 across the broad dwelling types. The ratio of house values to household incomes was recorded at 6.9 times, down from the previous quarter and year. As dwelling values trend lower, the median value to household income ratio is falling and we would expect further improvements to the dwelling value to income ratio over the coming quarters.



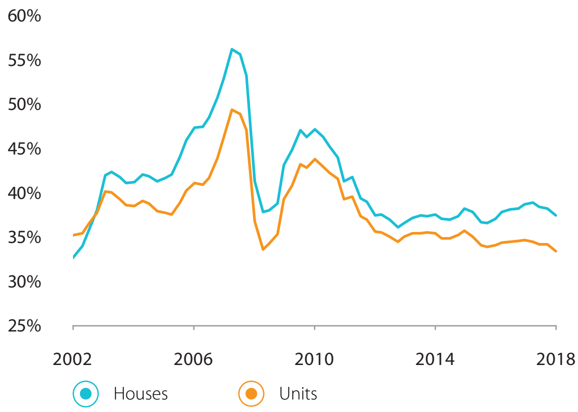
YEARS TO SAVE A DEPOSIT

Based on households saving 15% of their gross annual income, it currently takes 8.9 years for the typical household to save a 20% deposit for a dwelling in Australia. That figure has reduced from 9.1 years over the previous quarter and 9.3 years a year earlier. With detached houses generally being more expensive, the length of time to save a deposit for a house was 9.2 years in December 2018 and 8.7 years to save a 20% unit deposit. To put that cost into perspective five years ago it took 8.6 years for a house and 8.3 years for a unit while a decade ago it took 8.7 years and 7.8 years respectively.



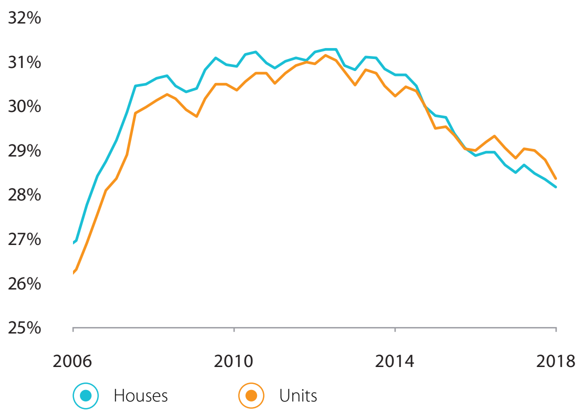
SHARE OF INCOME REQUIRED FOR REPAYMENTS

As at December 2018 the repayment on a new 80% LVR mortgage required 36.1% of gross household income; which is the lowest share dedicated to repayments since December 2016. At the peak in March 2008, households with a new mortgage were dedicating 54.2% of their income to servicing their mortgages. The reduction in servicing can be attributed to the fact that mortgage rates have almost halved from their peak, from 8.7% in March 2008 to 4.7% in December 2018. In December 2018, households were dedicating an average of 37.4% of their gross household income to service an 80% LVR mortgage on a house and 33.4% for a unit. At its peak, a repayment on a house required 56.2% of household income and a unit required 49.3% of household income.



RENT TO INCOME RATIO

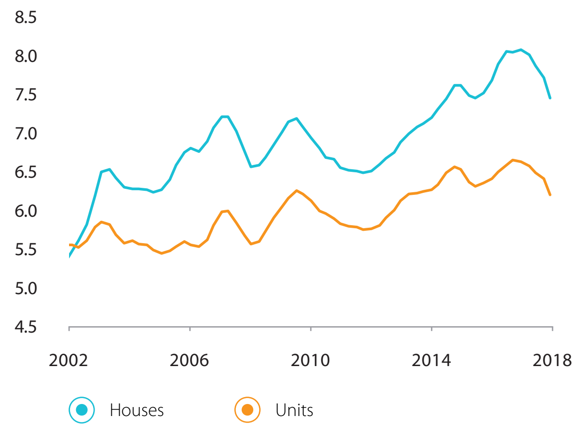
Paying rent generally remains cheaper than repaying a mortgage, with houses currently requiring 28.2% of gross household income and renting a unit requiring 28.4% of gross household income. Even at their peak, rents required less than 32% of gross household income. The relatively healthy rent to household income ratio can be attributed to the low rate of rental price appreciation, with national weekly rents rising only 2.4% per annum over the past ten years, while household incomes have tracked 3.2% higher per annum over the same time frame. The stronger income growth relative to rents has pushed the national rent to income ratio to its lowest level since June 2007.



COMBINED CAPITAL CITIES OVERVIEW

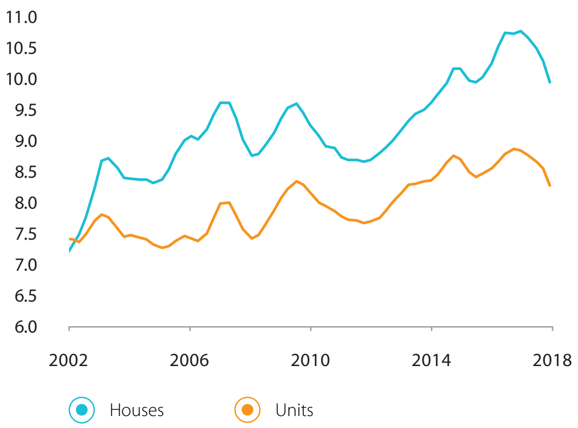
VALUE TO INCOME RATIO

In December 2018, the dwelling price to income ratio across the combined capital cities was recorded at 7.0 times, the lowest reading since June 2016. The improved affordability position is the result of lower housing values against a subtle rise in household incomes. For houses the ratio was 7.5 times, down from 7.7 times the previous quarter and 8.1 times the previous year. For units, the ratio was recorded at 6.2 times which is down from 6.4 times the previous quarter and 6.6 times the previous year.



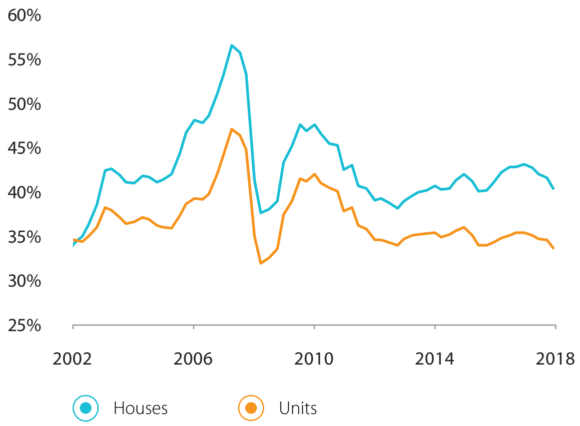
YEARS TO SAVE A DEPOSIT

To save a 20% deposit, based on households saving 15% of their gross income, capital city households will typically be required to save for 9.4 years. With detached housing more expensive, households would take 9.9 years to save for a house and for a unit it takes 8.3 years on average. Five years ago it took 9.2 years to save a house deposit and 8.2 years for a unit deposit and a decade ago it took 8.8 years and 7.4 years respectively.



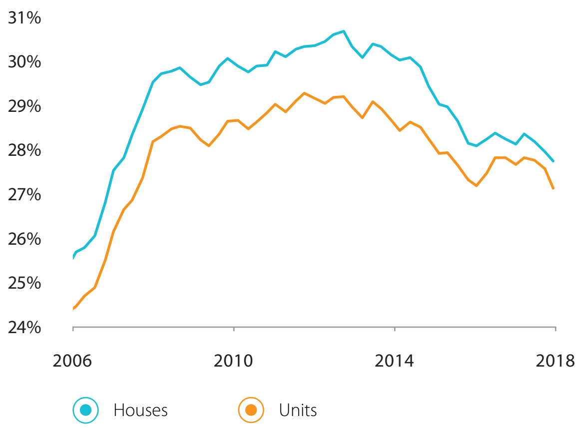
SHARE OF INCOME REQUIRED FOR REPAYMENTS

Repaying a new 80% LVR mortgage takes, on average, 38.0% of a household's gross annual income. For the median household to service a new mortgage on a house would require an average of 40.4% of household income in December 2018, while repaying a new mortgage on a unit required 33.6% of income. The peak in the share of income required for repayments was March 2008 when it required 56.6% of income to repay a mortgage on a house and at the same time it required 47.1% of household income to service a mortgage on a unit.



RENT TO INCOME RATIO

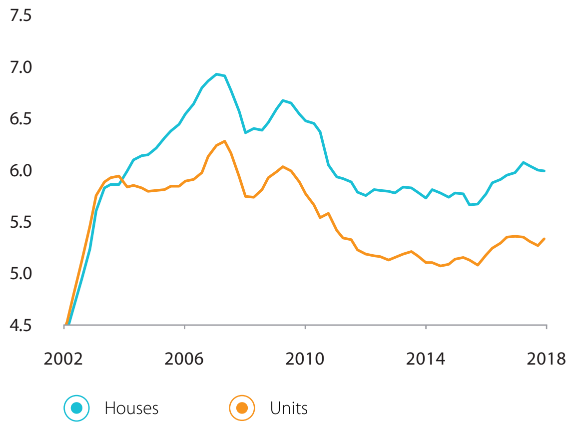
Renting remains much cheaper than taking out a mortgage, with capital city households dedicating, on average, 27.5% of their annual income towards paying the landlord. Weekly rents have increased at a slower rate than household incomes over the past year which has resulted in the capital city metric falling over the past year to reach its lowest level since September 2007. Renting a capital city house now requires an average of 27.8% of household income and renting a unit requires 27.1%.



COMBINED REGIONAL AREAS OVERVIEW

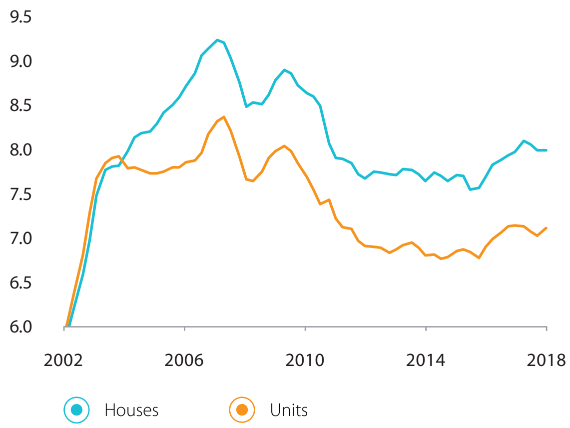
VALUE TO INCOME RATIO

The dwelling value to income ratio across the combined regional areas was recorded at 5.8 times in December 2018, which is level relative to the previous quarter and a year ago. For houses, the ratio is unchanged over the past three quarters at 6.0 times however, it did peak slightly higher at 6.1 times in March 2018. The ratio for units is recorded at 5.3 times and is unchanged throughout 2018 but is slightly lower than the 5.4 times recorded in December 2017.



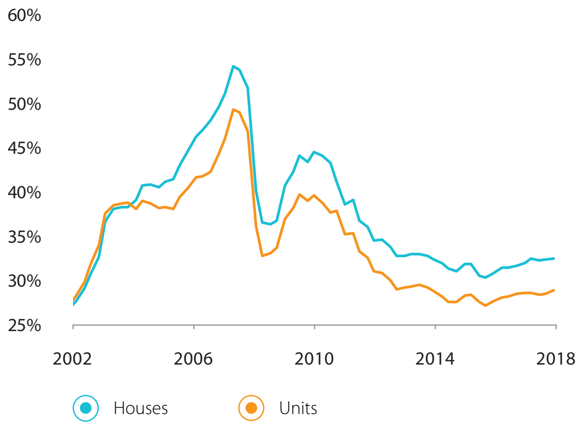
YEARS TO SAVE A DEPOSIT

Regional households saving 15% of their income will typically need to save for 7.8 years in order to accrue a 20% deposit. To save for a house deposit it currently takes 8.0 years compared to it taking 7.7 years five year ago and 8.5 years a decade ago. For regional units, it currently takes 7.1 years to save a deposit which is up from 6.9 years five years ago but down from 7.7 years 10 years ago.



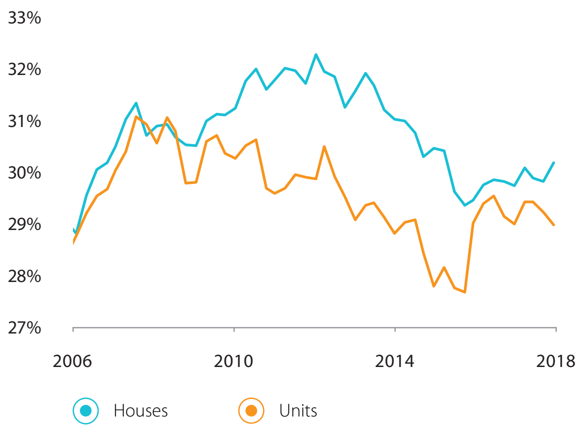
SHARE OF INCOME REQUIRED FOR REPAYMENTS

In order to repay a new mortgage on a regional dwelling it currently requires 31.6% of gross household income and although it is well down from its peak of 53.3% in March 2008, the proportion of income required has trended slightly higher over recent quarters. For houses the proportion is higher, at 32.5%, while at its peak, servicing an 80% LVR mortgage required 54.3% of household income. For a unit, it currently takes 28.9% of gross household income to service a mortgage compared to 49.3% at the peak in March 2008.



RENT TO INCOME RATIO

The difference between what it costs to service a mortgage and what it costs to rent in regional Australia is small. Renting requires 30.0% of gross household income which has increased over the past quarter and is also slightly higher than a year ago. Renting a regional house typically required 30.2% of gross household income in December 2018 which is lower than how much it requires to service a mortgage. Regional units require 29.0% of a household's income to rent the unit, with that figure lower over the quarter but unchanged compared to December 2017.



MAJOR REGION AFFORDABILITY SUMMARY

AFFORDABILITY MEASURES ACROSS THE REGIONS AS AT DECEMBER 2018

Region	Dwelling value to income ratio	Yrs to save a 20% deposit based on saving 15% of household income	% of household income required to service an 80% LVR mortgage	% of household income required to rent a home
Sydney	8.5	11.4	46.3%	32.0%
Melbourne	7.6	10.1	41.0%	27.5%
Brisbane	5.9	7.9	31.9%	26.8%
Adelaide	6.3	8.3	33.9%	28.5%
Perth	5.2	7.0	28.4%	23.1%
Hobart	6.6	8.8	35.8%	32.5%
Darwin	3.6	4.8	19.6%	20.9%
Canberra	5.2	6.9	28.0%	24.1%
Regional NSW	7.1	9.5	38.4%	32.7%
Regional Vic	5.7	7.6	30.7%	27.4%
Regional Qld	5.4	7.3	29.5%	30.7%
Regional SA	4.1	5.5	22.3%	25.1%
Regional WA	4.1	5.4	22.1%	24.6%
Regional Tas	5.1	6.8	27.8%	29.4%
Regional NT	4.7	6.2	25.3%	33.1%
Combined capital cities	7.0	9.4	38.0%	27.5%
Combined regional areas	5.8	7.8	31.6%	30.0%

The data contained within the table highlights that Sydney and to a slightly lesser degree, Melbourne and regional NSW are significantly less affordable places in which to own a property than elsewhere. These three regions are also seeing declines in dwelling values which are leading to improvements in housing affordability, however they remain expensive relative to the rest of the country.

Darwin has seen dwelling values fall significantly since 2014. With dwelling values down almost 30% since the peak, coupled with relatively high household incomes, the result is that Darwin is the most affordable amongst the broad regions of Australia and it is significantly more affordable than the other capital cities.

Comparing the proportion of household income required to service a mortgage with the proportion required to pay rent highlights that, in the vast majority of regions, it remains more affordable to rent than buy, however there are some exceptions. This data shows it is cheaper to buy than rent in Darwin, regional Qld, regional SA, regional WA, regional Tas and regional NT. Even outside of these regions the gap between paying a mortgage and renting is fairly small outside of Sydney and Melbourne.

SYDNEY

Declines in values together with higher incomes have driven a small improvement in most affordability metrics over the past year.

This improvement follows a long period when affordability deteriorated with the past decade seeing median values rise 88.3% compared to a more moderate 41.2% increase in gross household incomes. As at December 2018, Sydney was the nation's least affordable housing market across each of the three ownership metrics and rental affordability was only marginally lower than the most unaffordable major region.

MEDIAN DWELLING VALUE

$808,494
December 2018

$429,302
December 2008

$605,898
December 2013

$429,302
December 2003

MEDIAN HOUSEHOLD INCOME

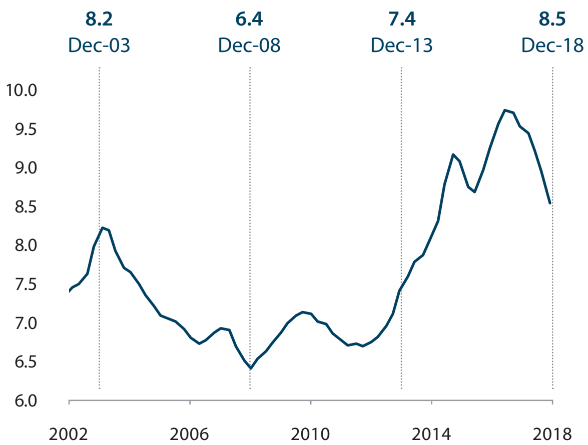
$1,819/week
December 2018

$1,288/week
December 2008

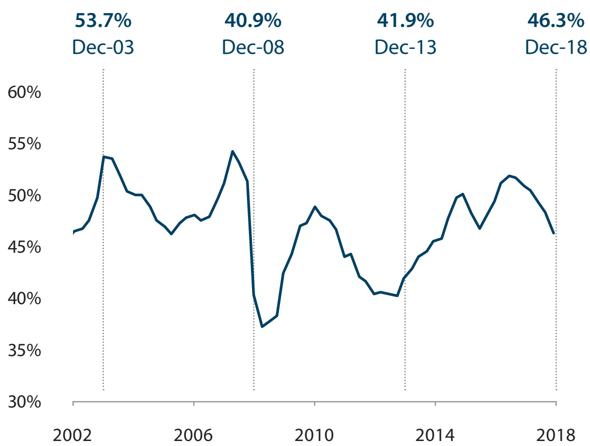
$1,573/week
December 2013

$1,067/week
December 2003

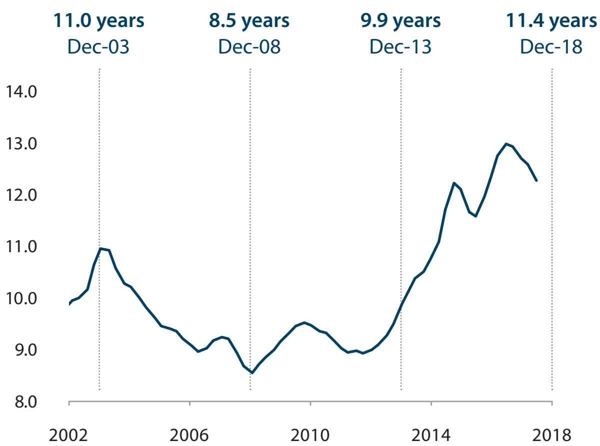
VALUE TO INCOME RATIO



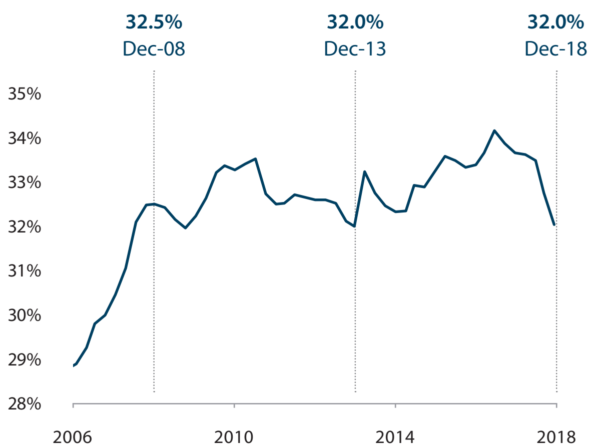
SHARE OF INCOME REQUIRED FOR REPAYMENTS



YEARS TO SAVE A DEPOSIT



RENT TO INCOME RATIO



SA3 Region	Dwelling value to income ratio	Yrs to save a 20% deposit based on saving 15% of household income	% of household income required to service an 80% LVR mortgage	% of household income required to rent a home
Auburn	8.9	11.9	48.4%	34.1%
Bankstown	11.0	14.6	59.4%	39.3%
Baulkham Hills	9.6	12.8	51.9%	29.6%
Blacktown	7.3	9.8	39.6%	27.3%
Blacktown - North	6.3	8.4	34.3%	24.6%
Blue Mountains	7.8	10.4	42.4%	30.5%
Botany	10.1	13.5	54.8%	37.4%
Bringelly - Green Valley	7.3	9.7	39.4%	29.4%
Camden	6.2	8.3	33.7%	24.8%
Campbelltown (NSW)	6.9	9.1	37.1%	28.4%
Canada Bay	10.4	13.9	56.4%	31.7%
Canterbury	10.1	13.5	54.8%	37.7%
Carlingford	11.9	15.9	64.5%	32.4%
Chatswood - Lane Cove	10.0	13.3	54.1%	33.1%
Cronulla - Miranda - Caringbah	10.2	13.6	55.1%	32.6%
Dural - Wisemans Ferry	12.8	17.0	69.1%	28.6%
Eastern Suburbs - North	10.4	13.8	56.1%	34.8%
Eastern Suburbs - South	10.4	13.9	56.5%	36.3%
Fairfield	9.0	12.0	48.9%	36.1%
Gosford	9.2	12.3	49.8%	36.0%
Hawkesbury	8.5	11.3	45.9%	26.6%
Hornsby	8.4	11.2	45.3%	28.8%
Hurstville	11.1	14.8	60.2%	35.3%
Kogarah - Rockdale	8.1	10.7	43.6%	34.2%
Ku-ring-gai	13.0	17.4	70.5%	35.2%
Leichhardt	10.5	14.0	56.8%	34.6%
Liverpool	8.1	10.8	43.9%	31.6%
Manly	11.5	15.3	62.2%	35.7%
Marrickville - Sydenham - Petersham	11.0	14.7	59.6%	35.2%
Merrylands - Guildford	9.8	13.1	53.0%	38.0%
Mount Druitt	6.7	8.9	36.3%	27.7%
North Sydney - Mosman	9.2	12.3	49.8%	30.1%
Parramatta	6.5	8.6	35.0%	26.6%
Pennant Hills - Epping	10.4	13.9	56.3%	28.6%
Penrith	6.3	8.4	34.3%	24.4%
Pittwater	13.2	17.7	71.7%	38.6%
Richmond - Windsor	7.3	9.7	39.5%	28.4%
Rouse Hill - McGraths Hill	7.9	10.5	42.6%	26.3%
Ryde - Hunters Hill	11.3	15.0	60.9%	31.2%
St Marys	7.2	9.5	38.8%	26.6%
Strathfield - Burwood - Ashfield	8.4	11.2	45.4%	32.2%
Sutherland - Menai - Heathcote	8.2	10.9	44.2%	30.4%
Sydney Inner City	8.7	11.6	47.0%	36.3%
Warringah	11.1	14.9	60.3%	34.9%
Wollondilly	6.8	9.1	36.8%	25.8%
Wyong	8.0	10.6	43.0%	35.0%

REGIONAL NSW

Recent value declines in regional NSW and higher incomes has led to a moderate improvement in housing affordability over the last quarter.

The moderate improvement has occurred after a long period of deterioration due to moderate income growth and significant rises in values. Over the 10 years to December 2018, household incomes have increased by 40.6% while dwelling values have increased by a larger 56.2%, which has led to the deterioration in housing affordability over this time.

MEDIAN DWELLING VALUE

$449,195
December 2018

$287,540
December 2008

$322,770
December 2013

$277,731
December 2003

MEDIAN HOUSEHOLD INCOME

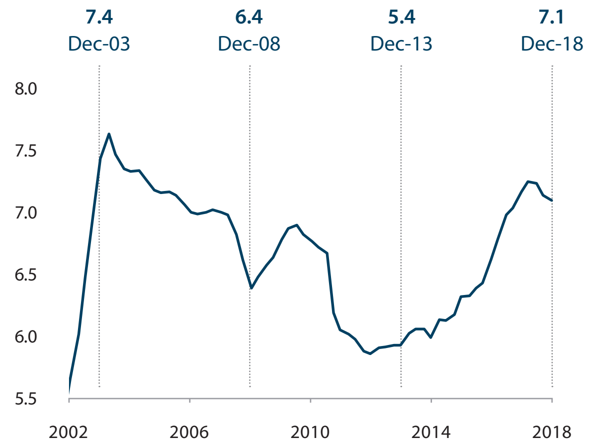
$1,217/week
December 2018

$865/week
December 2008

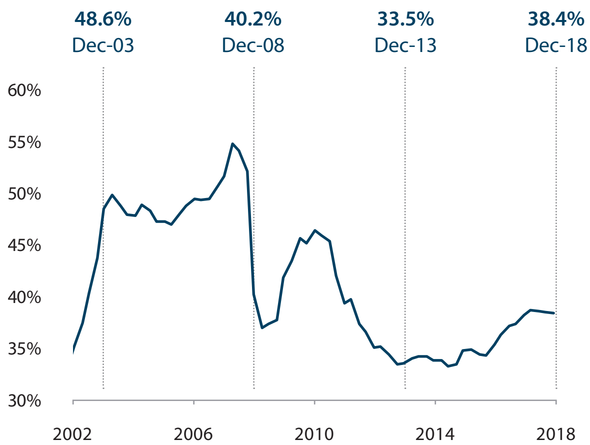
$1,048/week
December 2013

$718/week
December 2003

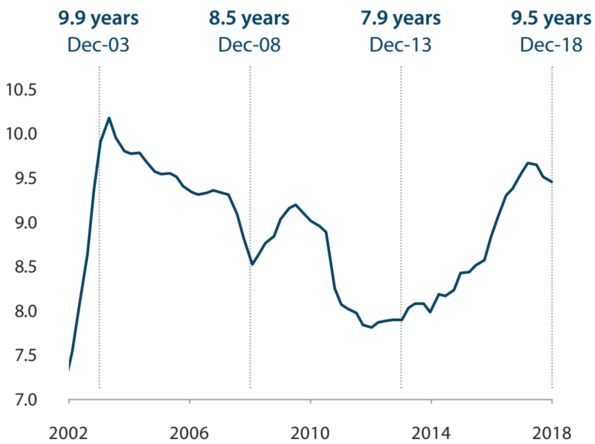
VALUE TO INCOME RATIO



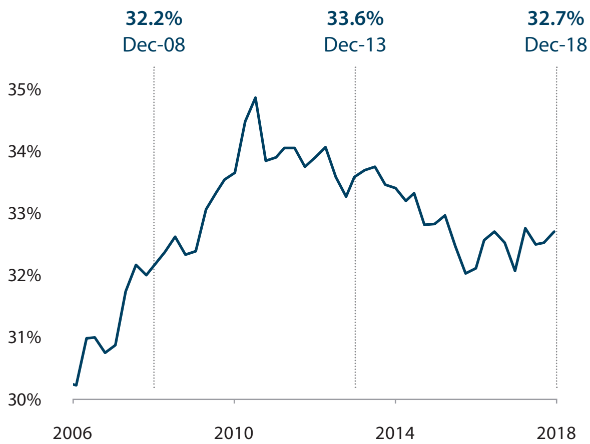
SHARE OF INCOME REQUIRED FOR REPAYMENTS



YEARS TO SAVE A DEPOSIT



RENT TO INCOME RATIO



SA3 Region	Dwelling value to income ratio	Yrs to save a 20% deposit based on saving 15% of household income	% of household income required to service an 80% LVR mortgage	% of household income required to rent a home
Albury	4.7	6.3	25.4%	26.8%
Armidale	5.2	7.0	28.3%	26.6%
Bathurst	5.7	7.6	30.8%	26.1%
Bourke - Cobar - Coonamble	2.0	2.7	11.0%	26.5%
Broken Hill and Far West	1.7	2.3	9.2%	25.9%
Clarence Valley	7.6	10.1	41.1%	46.1%
Coffs Harbour	8.1	10.8	43.9%	39.3%
Dapto - Port Kembla	7.7	10.3	41.8%	37.1%
Dubbo	4.3	5.8	23.4%	27.1%
Goulburn - Mulwaree	5.7	7.6	31.0%	28.3%
Great Lakes	9.8	13.1	53.2%	43.0%
Griffith - Murrumbidgee (West)	3.7	5.0	20.1%	23.1%
Inverell - Tenterfield	4.4	5.8	23.6%	31.5%
Kempsey - Nambucca	7.5	10.0	40.7%	39.6%
Kiama - Shellharbour	8.0	10.7	43.4%	36.4%
Lachlan Valley	3.7	5.0	20.3%	24.7%
Lake Macquarie - East	7.5	10.0	40.7%	31.6%
Lake Macquarie - West	6.8	9.1	37.1%	30.7%
Lithgow - Mudgee	5.6	7.4	30.2%	31.3%
Lower Hunter	5.3	7.0	28.6%	29.4%
Lower Murray	3.1	4.1	16.7%	24.3%
Maitland	6.1	8.1	33.1%	30.1%
Moree - Narrabri	2.8	3.7	15.0%	25.1%
Newcastle	7.8	10.4	42.2%	33.0%
Orange	5.1	6.9	27.9%	25.0%
Port Macquarie	8.8	11.8	47.7%	38.4%
Port Stephens	7.9	10.5	42.7%	35.7%
Queanbeyan	5.1	6.8	27.6%	24.1%
Richmond Valley - Coastal	11.5	15.3	62.3%	51.1%
Richmond Valley - Hinterland	6.4	8.5	34.4%	36.4%
Shoalhaven	9.6	12.8	52.0%	40.3%
Snowy Mountains	4.2	5.6	22.6%	22.4%
South Coast	8.7	11.6	47.2%	40.7%
Southern Highlands	9.6	12.8	52.0%	38.4%
Tamworth - Gunnedah	4.3	5.7	23.1%	26.7%
Taree - Gloucester	7.1	9.4	38.3%	37.8%
Tumut - Tumbarumba	3.9	5.3	21.3%	24.1%
Tweed Valley	9.6	12.8	51.9%	45.8%
Upper Hunter	4.5	6.0	24.4%	26.1%
Upper Murray exc. Albury	3.7	4.9	19.9%	27.0%
Wagga Wagga	4.2	5.5	22.5%	23.7%
Wollongong	9.3	12.4	50.5%	35.4%
Young - Yass	4.6	6.1	24.7%	23.5%

MELBOURNE

Recently, declines in dwelling values while household incomes increase is resulting in improved affordability.

While home ownership is expensive in Melbourne, renting is significantly cheaper and more closely aligned with rental costs across other capital cities. Over the decade to December 2018, median dwelling values in Melbourne have risen by 67.9% compared to a 37.5% increase in household incomes which has led to the deteriorating affordability of owning a home.

MEDIAN DWELLING VALUE

$645,123
December 2018

$384,123
December 2008

$499,292
December 2013

$307,312
December 2003

MEDIAN HOUSEHOLD INCOME

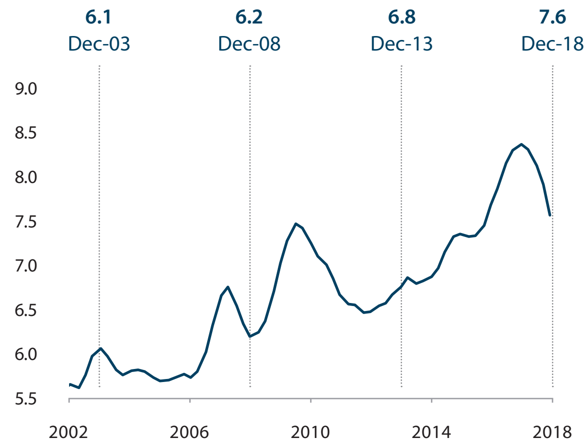
$1,639/week
December 2018

$1,192/week
December 2008

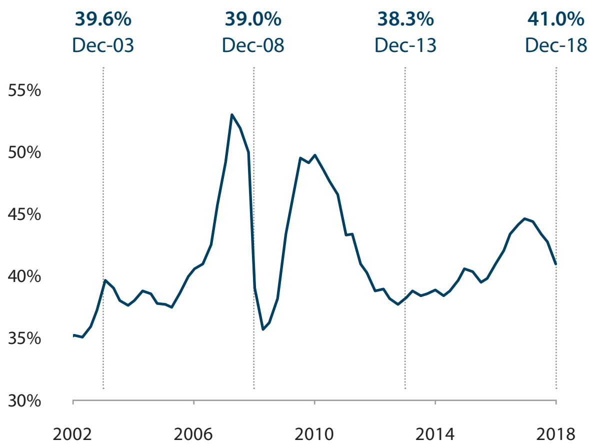
$1,421/week
December 2013

$974/week
December 2003

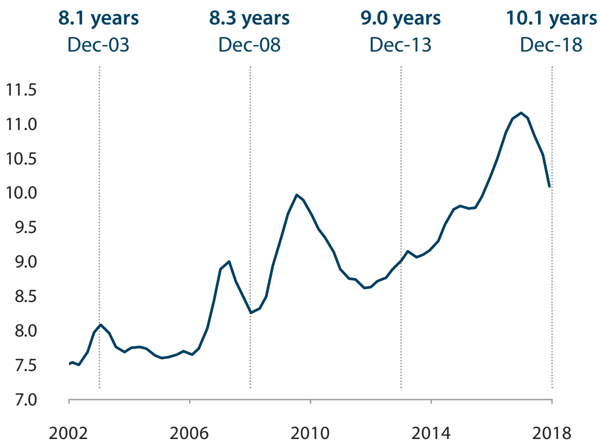
VALUE TO INCOME RATIO



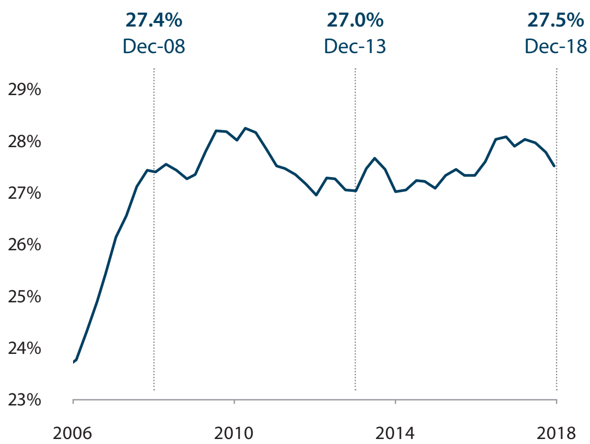
SHARE OF INCOME REQUIRED FOR REPAYMENTS



YEARS TO SAVE A DEPOSIT



RENT TO INCOME RATIO



SA3 Region	Dwelling value to income ratio	Yrs to save a 20% deposit based on saving 15% of household income	% of household income required to service an 80% LVR mortgage	% of household income required to rent a home
Banyule	7.7	10.3	41.9%	26.3%
Bayside	10.2	13.6	55.2%	31.8%
Boroondara	10.8	14.4	58.3%	26.9%
Brimbank	8.1	10.8	44.0%	29.0%
Brunswick - Coburg	7.6	10.2	41.4%	28.7%
Cardinia	6.4	8.5	34.5%	24.5%
Casey - North	7.0	9.4	38.1%	25.8%
Casey - South	6.2	8.3	33.8%	23.9%
Dandenong	8.3	11.1	45.2%	30.6%
Darebin - North	9.4	12.5	50.9%	30.0%
Darebin - South	8.4	11.1	45.3%	30.2%
Essendon	7.2	9.6	38.9%	26.3%
Frankston	7.4	9.9	40.3%	28.8%
Glen Eira	7.8	10.4	42.1%	28.3%
Hobsons Bay	7.4	9.9	40.3%	26.6%
Keilor	8.9	11.8	48.0%	27.8%
Kingston	8.6	11.4	46.3%	30.0%
Knox	8.1	10.8	43.8%	27.5%
Macedon Ranges	6.5	8.6	35.1%	26.4%
Manningham - East	9.5	12.7	51.6%	24.7%
Manningham - West	12.6	16.8	68.4%	33.7%
Maribyrnong	6.8	9.1	36.9%	26.2%
Maroondah	8.2	11.0	44.6%	26.3%
Melbourne City	7.2	9.6	39.0%	41.8%
Melton - Bacchus Marsh	5.8	7.7	31.1%	23.8%
Monash	11.3	15.1	61.4%	32.2%
Moreland - North	7.9	10.5	42.6%	28.6%
Mornington Peninsula	9.3	12.4	50.3%	33.3%
Nillumbik - Kinglake	7.4	9.9	40.1%	23.4%
Port Phillip	6.0	8.0	32.7%	26.5%
Stonnington - East	7.4	9.8	40.0%	26.0%
Stonnington - West	5.8	7.7	31.2%	26.0%
Sunbury	6.0	8.0	32.6%	24.9%
Tullamarine - Broadmeadows	7.2	9.5	38.7%	28.2%
Whitehorse - East	9.4	12.5	50.8%	28.6%
Whitehorse - West	11.2	15.0	60.8%	32.2%
Whittlesea - Wallan	7.0	9.4	38.1%	26.1%
Wyndham	6.1	8.1	32.9%	23.3%
Yarra	6.8	9.0	36.7%	28.0%
Yarra Ranges	7.7	10.3	41.7%	27.2%

REGIONAL VIC

To December 2018 dwelling values in regional Victoria were still rising faster than household incomes, leading to declines in affordability.

While the cost of owning a home has continued to rise in regional Victoria, renters are spending a similar share of their income to those in Melbourne. The longer term trend in worsening affordability is due to dwelling values rising by 65.2% over the past decade and they continue to rise, while household incomes have increased by a much lower 39.8%.

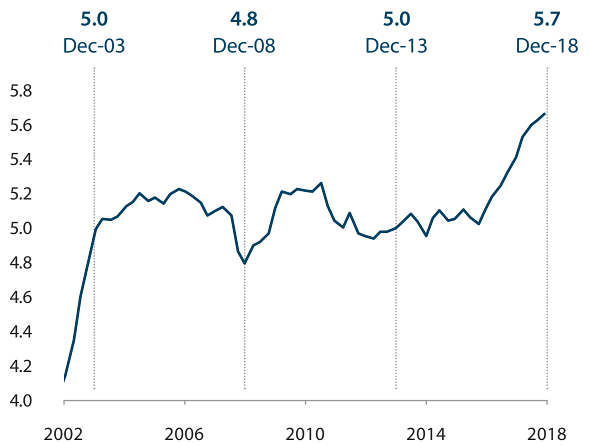
MEDIAN DWELLING VALUE

$357,200 December 2018	**$216,215** December 2008
$265,599 December 2013	**$189,610** December 2003

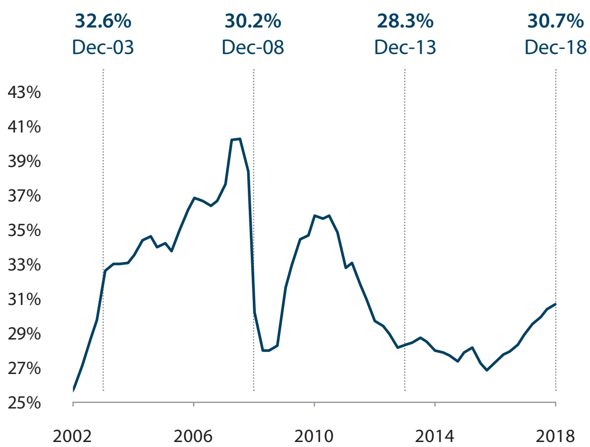
MEDIAN HOUSEHOLD INCOME

$1,212/week December 2018	**$867/week** December 2008
$1,022/week December 2013	**$867/week** December 2008

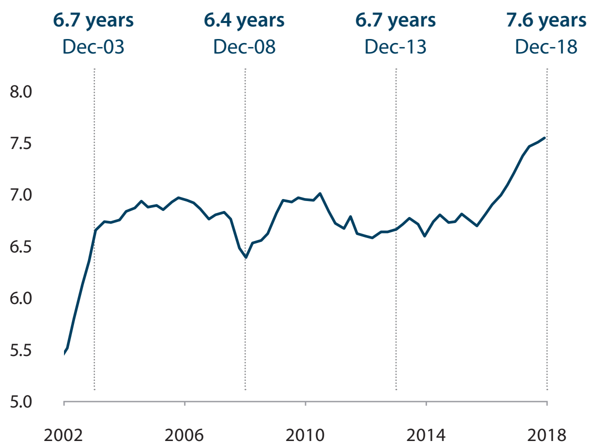
VALUE TO INCOME RATIO



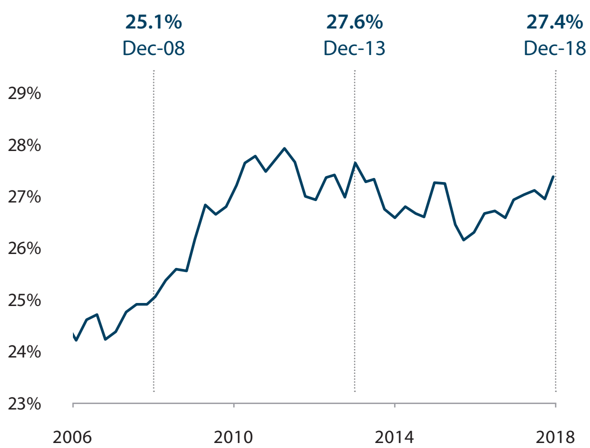
SHARE OF INCOME REQUIRED FOR REPAYMENTS



YEARS TO SAVE A DEPOSIT



RENT TO INCOME RATIO



SA3 Region	Dwelling value to income ratio	Yrs to save a 20% deposit based on saving 15% of household income	% of household income required to service an 80% LVR mortgage	% of household income required to rent a home
Ballarat	5.9	7.9	32.0%	26.7%
Barwon - West	5.1	6.8	27.8%	25.7%
Baw Baw	6.8	9.1	37.1%	29.1%
Bendigo	5.2	7.0	28.3%	26.9%
Campaspe	4.8	6.3	25.7%	25.7%
Colac - Corangamite	5.2	7.0	28.4%	27.1%
Creswick - Daylesford - Ballan	7.8	10.4	42.4%	30.5%
Geelong	7.5	10.0	40.5%	29.2%
Gippsland - East	5.7	7.7	31.1%	31.6%
Gippsland - South West	8.4	11.2	45.6%	33.6%
Glenelg - Southern Grampians	3.6	4.8	19.4%	24.3%
Grampians	3.4	4.5	18.3%	24.6%
Heathcote - Castlemaine - Kyneton	8.0	10.6	43.1%	29.2%
Latrobe Valley	3.7	5.0	20.3%	24.7%
Loddon - Elmore	3.7	5.0	20.2%	27.3%
Maryborough - Pyrenees	5.1	6.8	27.7%	33.3%
Mildura	4.4	5.9	24.0%	26.9%
Moira	4.5	6.0	24.2%	27.0%
Murray River - Swan Hill	3.8	5.1	20.5%	24.1%
Shepparton	4.1	5.4	22.1%	26.2%
Surf Coast - Bellarine Peninsula	8.8	11.8	47.9%	28.9%
Upper Goulburn Valley	5.8	7.8	31.7%	27.2%
Wangaratta - Benalla	5.1	6.8	27.5%	27.8%
Warrnambool	5.0	6.7	27.1%	26.4%
Wellington	3.9	5.2	21.0%	23.9%
Wodonga - Alpine	4.7	6.2	25.3%	25.7%

BRISBANE

In Brisbane, housing affordability has improved over the most recent quarter as household incomes have increased faster than dwelling values.

Each of the four metrics included within the report are showing superior levels of affordability than they were a decade ago. Over the past decade, affordability has improved because household incomes have increased by 31.2% while median values have increased by a lower 25.8%.

MEDIAN DWELLING VALUE

$493,568
December 2018

$392,337
December 2008

$435,182
December 2013

$299,374
December 2003

MEDIAN HOUSEHOLD INCOME

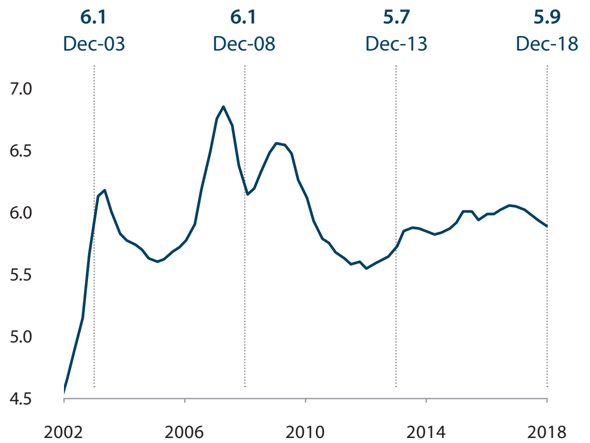
$1,610/week
December 2018

$1,227/week
December 2008

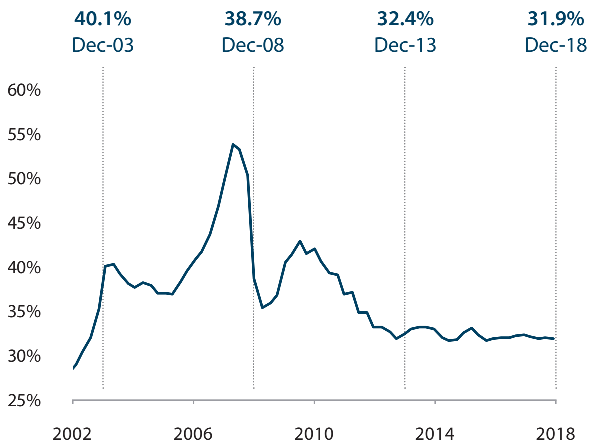
$1,461/week
December 2013

$938/week
December 2003

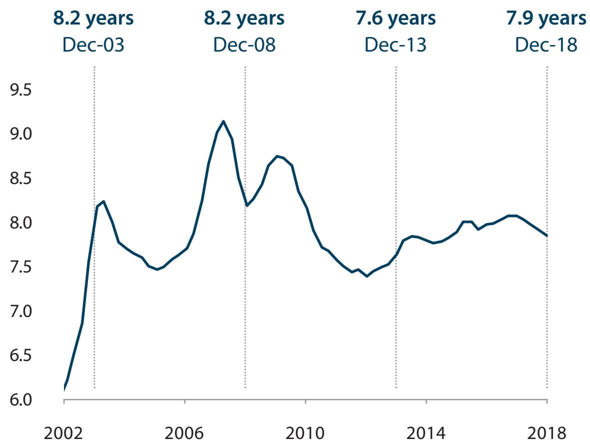
VALUE TO INCOME RATIO



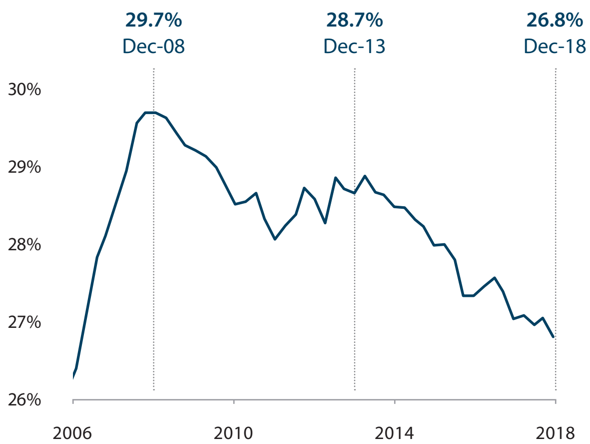
SHARE OF INCOME REQUIRED FOR REPAYMENTS



YEARS TO SAVE A DEPOSIT



RENT TO INCOME RATIO



SA3 Region	Dwelling value to income ratio	Yrs to save a 20% deposit based on saving 15% of household income	% of household income required to service an 80% LVR mortgage	% of household income required to rent a home
Bald Hills - Everton Park	6.0	8.0	32.6%	26.2%
Beaudesert	6.2	8.3	33.6%	31.1%
Beenleigh	5.5	7.4	29.9%	31.0%
Bribie - Beachmere	8.1	10.8	44.0%	40.8%
Brisbane Inner	5.4	7.3	29.5%	27.8%
Brisbane Inner - East	6.0	8.0	32.4%	22.4%
Brisbane Inner - North	6.0	8.0	32.3%	23.7%
Brisbane Inner - West	6.6	8.8	35.7%	23.1%
Browns Plains	4.9	6.5	26.3%	26.3%
Caboolture	5.3	7.1	29.0%	28.4%
Caboolture Hinterland	5.8	7.7	31.4%	31.5%
Capalaba	5.8	7.7	31.4%	28.5%
Carindale	6.9	9.2	37.5%	25.6%
Centenary	6.0	7.9	32.2%	25.4%
Chermside	6.9	9.2	37.4%	26.8%
Cleveland - Stradbroke	6.8	9.1	37.0%	32.9%
Forest Lake - Oxley	5.5	7.4	29.9%	28.5%
Holland Park - Yeronga	6.8	9.0	36.7%	24.9%
Ipswich Hinterland	4.9	6.5	26.5%	27.8%
Ipswich Inner	4.6	6.1	24.9%	24.1%
Jimboomba	5.1	6.8	27.5%	22.3%
Kenmore - Brookfield - Moggill	6.2	8.2	33.4%	26.7%
Loganlea - Carbrook	5.1	6.8	27.8%	26.8%
Mt Gravatt	7.4	9.8	39.8%	28.6%
Narangba - Burpengary	5.7	7.6	30.7%	27.4%
Nathan	6.9	9.2	37.5%	26.1%
North Lakes	5.2	6.9	28.0%	26.0%
Nundah	5.4	7.2	29.4%	24.5%
Redcliffe	7.1	9.5	38.4%	33.2%
Rocklea - Acacia Ridge	6.4	8.5	34.5%	28.1%
Sandgate	6.1	8.1	33.0%	28.2%
Sherwood - Indooroopilly	7.4	9.8	39.9%	27.9%
Springfield - Redbank	4.4	5.8	23.7%	22.7%
Springwood - Kingston	4.6	6.2	25.0%	28.1%
Strathpine	5.7	7.5	30.6%	28.0%
Sunnybank	8.0	10.7	43.3%	30.3%
The Gap - Enoggera	6.1	8.2	33.2%	25.9%
The Hills District	5.4	7.2	29.1%	23.3%
Wynnum - Manly	6.4	8.5	34.6%	27.1%

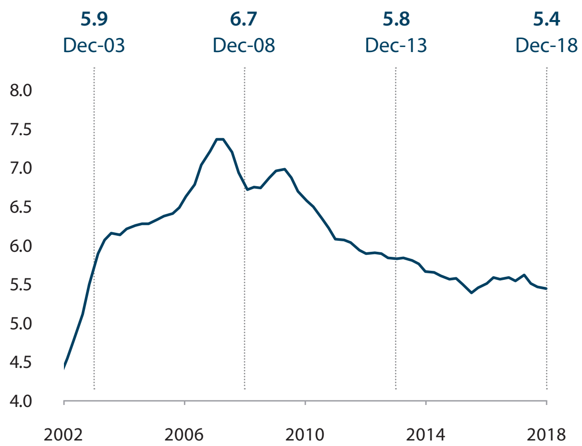
REGIONAL QLD

Over the past quarter, dwelling values have risen at a slower pace than household incomes, leading to an improvement in housing affordability.

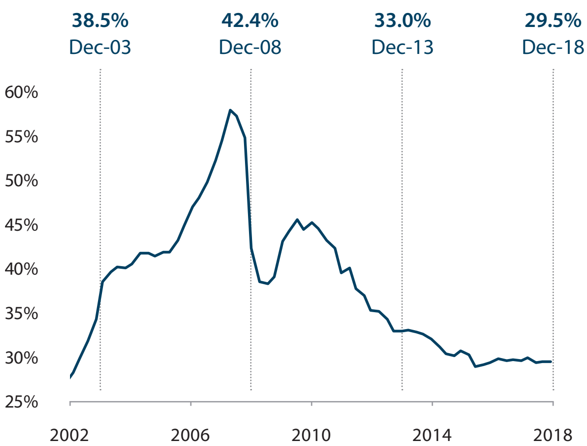
Over the past decade, median dwelling values across regional Qld have lifted by just 4.4%, by comparison, household incomes have increased by a much greater 28.9%. As a result of these conditions, all four of the housing affordability metrics calculated are lower than they were 10 years ago. In fact, the value to income ratio and the years to save a deposit measure haven't been this low since June 2003, while serviceability levels have increased slightly of late as has the rent to income ratio.

MEDIAN DWELLING VALUE		MEDIAN HOUSEHOLD INCOME	
$371,667 December 2018	**$355,996** December 2008	**$1,312/week** December 2018	**$1,018/week** December 2008
$353,831 December 2013	**$246,757** December 2003	**$1,167/week** December 2013	**$805/week** December 2003

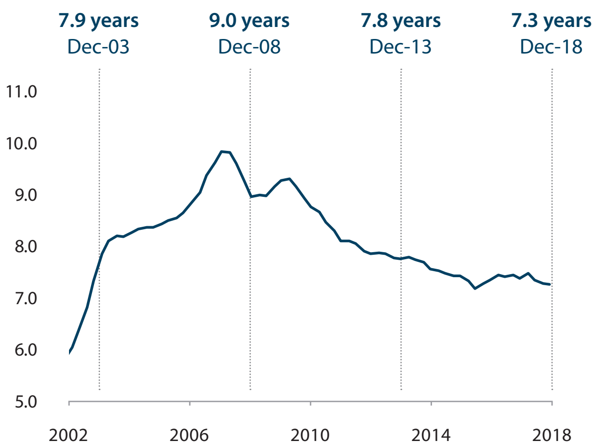
VALUE TO INCOME RATIO



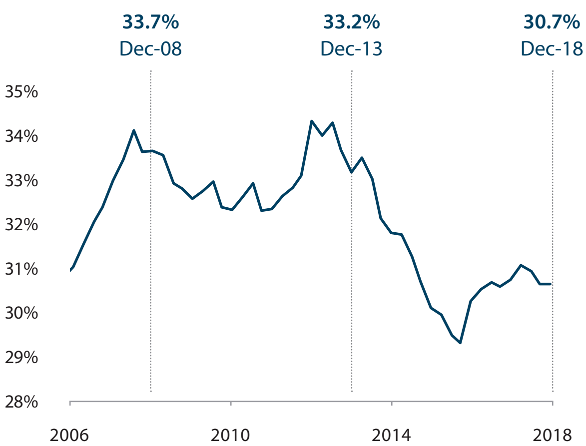
SHARE OF INCOME REQUIRED FOR REPAYMENTS



YEARS TO SAVE A DEPOSIT



RENT TO INCOME RATIO



SA3 Region	Dwelling value to income ratio	Yrs to save a 20% deposit based on saving 15% of household income	% of household income required to service an 80% LVR mortgage	% of household income required to rent a home
Biloela	1.9	2.5	10.3%	19.1%
Bowen Basin - North	2.1	2.7	11.2%	19.4%
Broadbeach - Burleigh	7.7	10.2	41.5%	38.0%
Buderim	7.5	10.0	40.5%	35.9%
Bundaberg	5.1	6.8	27.6%	30.8%
Burnett	3.9	5.2	21.2%	28.8%
Cairns - North	5.1	6.7	27.4%	28.5%
Cairns - South	4.8	6.4	26.0%	30.2%
Caloundra	7.9	10.6	43.0%	35.1%
Central Highlands (Qld)	2.4	3.2	12.9%	18.9%
Charters Towers - Ayr - Ingham	3.2	4.2	17.2%	23.6%
Coolangatta	9.3	12.4	50.2%	41.3%
Darling Downs - East	3.4	4.6	18.5%	22.5%
Darling Downs (West) - Maranoa	2.5	3.3	13.6%	20.0%
Far North	4.6	6.2	25.2%	29.7%
Gladstone	3.3	4.4	17.9%	18.0%
Gold Coast - North	7.4	9.9	40.2%	39.4%
Gold Coast Hinterland	7.6	10.1	41.1%	32.7%
Granite Belt	4.5	6.0	24.5%	26.8%
Gympie - Cooloola	6.3	8.4	34.2%	32.8%
Hervey Bay	6.9	9.2	37.4%	36.8%
Innisfail - Cassowary Coast	3.7	4.9	19.8%	27.7%
Mackay	4.4	5.9	23.9%	28.5%
Maroochy	8.5	11.3	46.1%	35.6%
Maryborough	5.2	6.9	28.1%	33.2%
Mudgeeraba - Tallebudgera	7.0	9.3	37.9%	34.7%
Nambour	7.4	9.8	39.9%	34.3%
Nerang	6.4	8.5	34.7%	33.9%
Noosa	9.8	13.1	53.1%	39.3%
Noosa Hinterland	9.3	12.4	50.4%	39.3%
Ormeau - Oxenford	5.4	7.2	29.1%	27.3%
Outback - North	2.1	2.9	11.6%	19.7%
Outback - South	1.5	2.0	8.2%	18.6%
Port Douglas - Daintree	4.6	6.2	25.0%	27.6%
Robina	7.0	9.3	37.9%	37.5%
Rockhampton	4.0	5.4	21.8%	25.4%
Southport	7.6	10.1	41.1%	39.9%
Sunshine Coast Hinterland	7.7	10.2	41.5%	35.1%
Surfers Paradise	6.3	8.4	34.1%	40.0%
Tablelands (East) - Kuranda	5.3	7.1	28.9%	32.6%
Toowoomba	4.7	6.3	25.7%	25.2%
Townsville	3.9	5.2	21.0%	24.0%
Whitsunday	5.5	7.3	29.6%	31.2%

ADELAIDE

Dwelling values have increased at a slightly faster pace than household incomes over the December 2018 quarter, leading to a moderate reduction in affordability.

Adelaide also has relatively lower household incomes than most other capital cities which results in worse affordability than other capital cities where housing values are higher. Over the past decade, dwelling values are 29.5% higher while household incomes are 33.0% higher. As a result, over the long term, housing is now slightly more affordable in Adelaide than it was a decade ago.

MEDIAN DWELLING VALUE

$434,924
December 2018

$335,899
December 2008

$380,991
December 2013

$239,283
December 2003

MEDIAN HOUSEHOLD INCOME

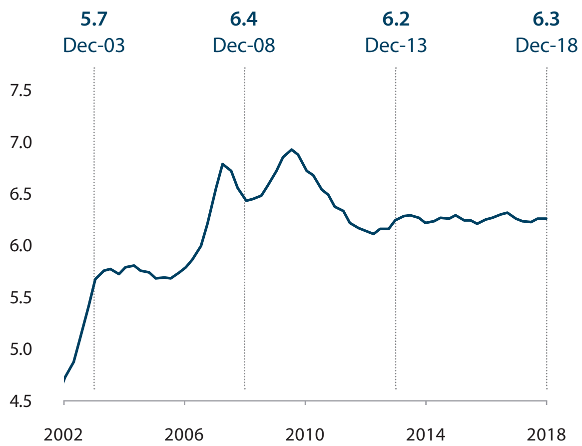
$1,336/week
December 2018

$1,004/week
December 2008

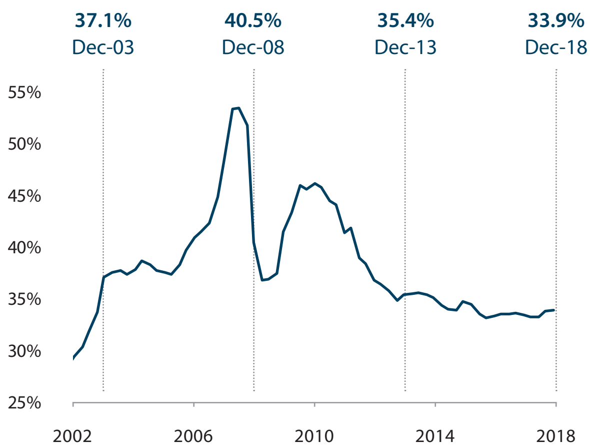
$1,336/week
December 2013

$811/week
December 2003

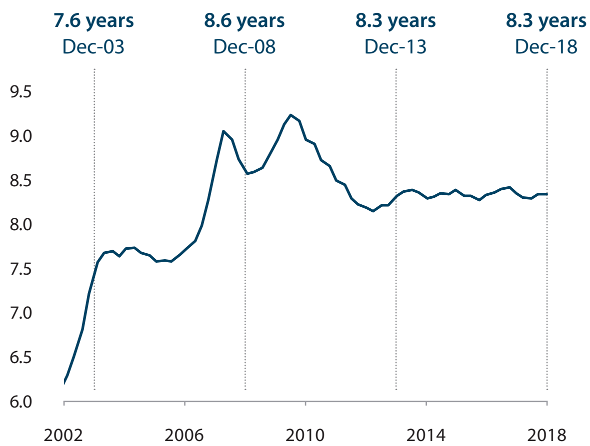
VALUE TO INCOME RATIO



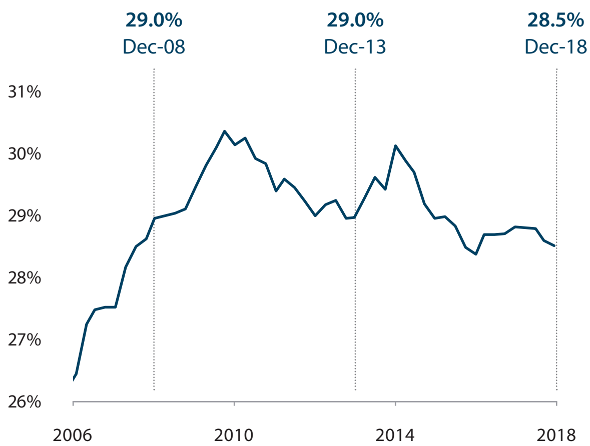
SHARE OF INCOME REQUIRED FOR REPAYMENTS



YEARS TO SAVE A DEPOSIT



RENT TO INCOME RATIO



SA3 Region	Dwelling value to income ratio	Yrs to save a 20% deposit based on saving 15% of household income	% of household income required to service an 80% LVR mortgage	% of household income required to rent a home
Adelaide City	6.1	8.2	33.2%	33.5%
Adelaide Hills	5.9	7.8	31.7%	26.0%
Burnside	9.4	12.5	50.8%	28.6%
Campbelltown (SA)	7.8	10.4	42.2%	30.0%
Charles Sturt	7.5	10.0	40.5%	31.1%
Gawler - Two Wells	5.0	6.7	27.3%	25.6%
Holdfast Bay	7.1	9.4	38.4%	26.7%
Marion	6.8	9.1	36.8%	30.0%
Mitcham	7.0	9.4	38.1%	26.8%
Norwood - Payneham - St Peters	9.3	12.4	50.2%	30.7%
Onkaparinga	5.7	7.6	30.8%	28.6%
Playford	4.3	5.7	23.3%	28.3%
Port Adelaide - East	6.6	8.8	35.8%	29.1%
Port Adelaide - West	6.8	9.1	36.8%	32.4%
Prospect - Walkerville	7.7	10.3	41.9%	25.7%
Salisbury	5.1	6.7	27.4%	28.1%
Tea Tree Gully	5.5	7.4	30.0%	25.8%
Unley	8.4	11.2	45.5%	28.0%
West Torrens	7.7	10.2	41.6%	31.5%

REGIONAL SA

Dwelling values increased at a faster pace than household incomes over the most recent quarter which has led to a slight deterioration in housing affordability.

Despite a slight decline in affordability over the quarter, since 2010 the trend has been towards improving housing affordability in regional South Australia. Over the decade to December 2018, median dwelling values have increased at a substantially lower pace than household incomes, with dwelling values lifting 6.6% over the past ten years compared to a 35.9% increase in household incomes. Housing affordability for home ownership is back to levels last seen all the way back in 2003.

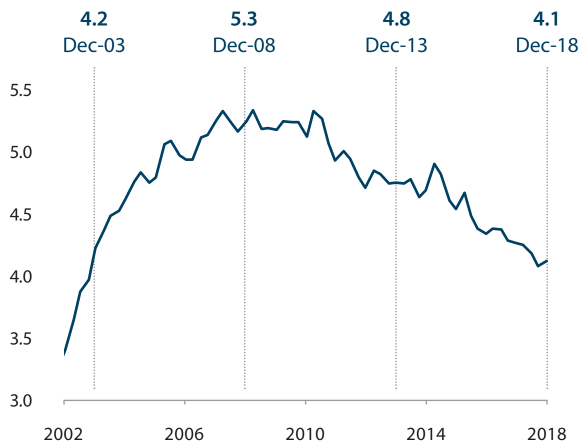
MEDIAN DWELLING VALUE

$235,788 December 2018	**$221,136** December 2008
$234,346 December 2013	**$149,747** December 2003

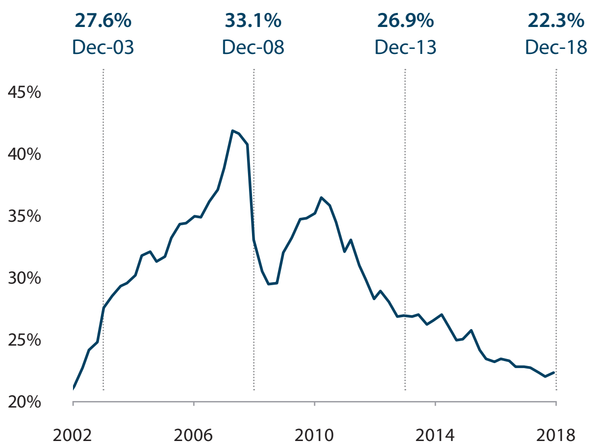
MEDIAN HOUSEHOLD INCOME

$1,100/week December 2018	**$809/week** December 2008
$948/week December 2013	**$682/week** December 2003

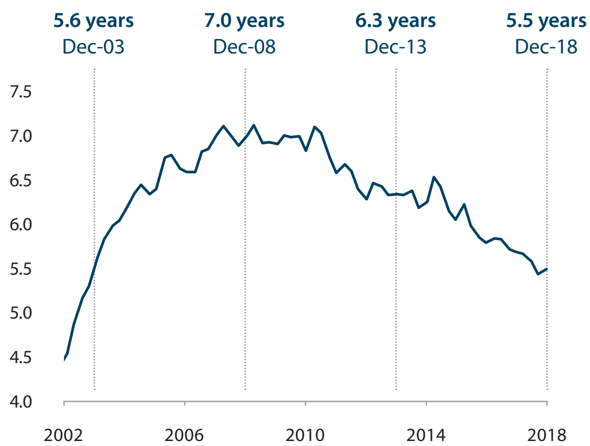
VALUE TO INCOME RATIO



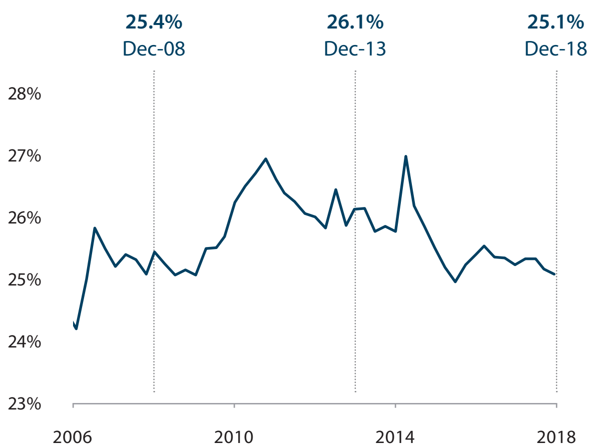
SHARE OF INCOME REQUIRED FOR REPAYMENTS



YEARS TO SAVE A DEPOSIT



RENT TO INCOME RATIO



SA3 Region	Dwelling value to income ratio	Yrs to save a 20% deposit based on saving 15% of household income	% of household income required to service an 80% LVR mortgage	% of household income required to rent a home
Barossa	4.8	6.4	25.8%	25.0%
Eyre Peninsula and South West	3.1	4.2	16.9%	21.4%
Fleurieu - Kangaroo Island	7.1	9.5	38.7%	34.2%
Limestone Coast	3.6	4.8	19.5%	23.4%
Lower North	3.7	5.0	20.1%	23.4%
Mid North	2.7	3.6	14.7%	23.0%
Murray and Mallee	3.9	5.2	21.3%	25.4%
Outback - North and East	2.3	3.0	12.3%	21.5%
Yorke Peninsula	5.2	6.9	27.9%	28.7%

PERTH

Perth dwelling values have continued to fall over the quarter while there was an increase in household incomes which has led to a further improvement in housing affordability.

Dwelling values have been falling since 2014 across Perth, while rents have begun to climb again over the past year and a half following a sustained downtrend in rental rates. The decline in both dwelling values and rents over recent years have resulted in a significant improvement in housing affordability which is now the best it has been in many years. The improvement in housing affordability has been driven by sluggish growth in dwelling values which are just 4.9% higher over the past decade while household income growth has been much stronger at 31.9% over the same period.

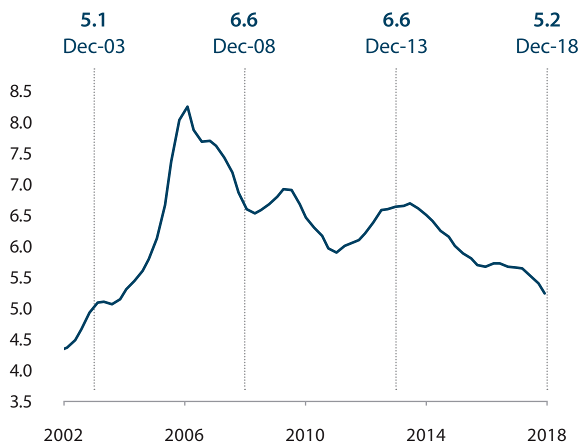
MEDIAN DWELLING VALUE

$446,011 December 2018	**$425,301** December 2008
$529,891 December 2013	**$242,422** December 2003

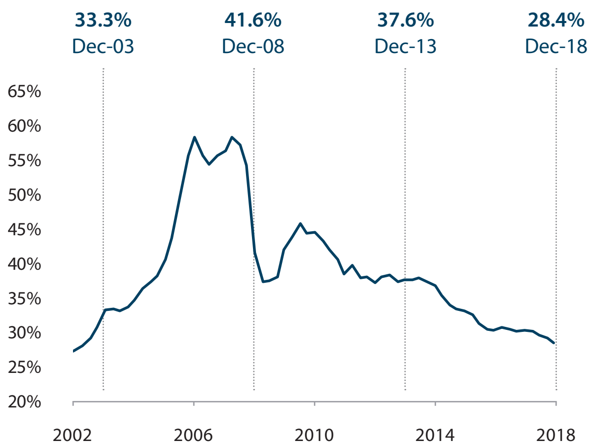
MEDIAN HOUSEHOLD INCOME

$1,635/week December 2018	**$1,239/week** December 2008
$1,534/week December 2013	**$915/week** December 2003

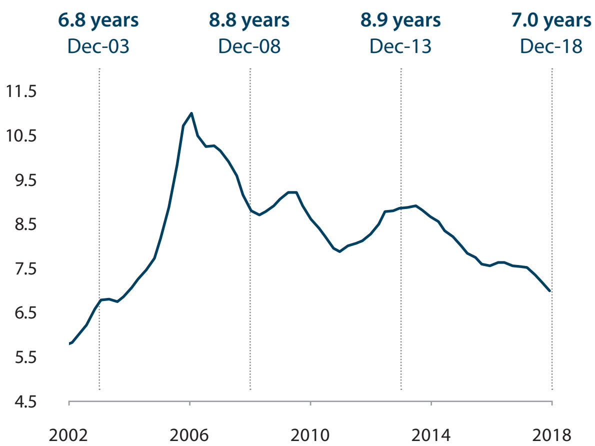
VALUE TO INCOME RATIO



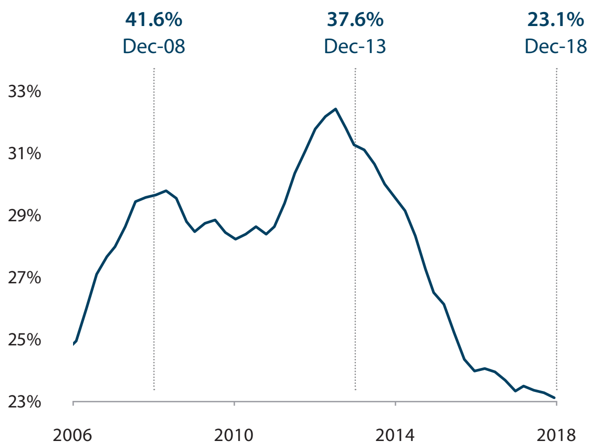
SHARE OF INCOME REQUIRED FOR REPAYMENTS



YEARS TO SAVE A DEPOSIT



RENT TO INCOME RATIO



SA3 Region	Dwelling value to income ratio	Yrs to save a 20% deposit based on saving 15% of household income	% of household income required to service an 80% LVR mortgage	% of household income required to rent a home
Armadale	4.3	5.8	23.4%	21.9%
Bayswater - Bassendean	5.8	7.8	31.5%	23.6%
Belmont - Victoria Park	5.5	7.3	29.8%	23.5%
Canning	6.2	8.3	33.7%	24.9%
Cockburn	5.1	6.8	27.4%	22.9%
Cottesloe - Claremont	10.9	14.5	58.8%	33.3%
Fremantle	7.1	9.5	38.7%	27.9%
Gosnells	4.7	6.2	25.2%	23.4%
Joondalup	5.4	7.2	29.4%	22.8%
Kalamunda	5.2	6.9	28.0%	24.1%
Kwinana	3.8	5.1	20.8%	20.8%
Mandurah	5.7	7.6	31.0%	28.6%
Melville	7.0	9.4	38.0%	25.1%
Mundaring	5.7	7.6	30.9%	25.6%
Perth City	5.4	7.2	29.4%	23.6%
Rockingham	4.4	5.9	24.0%	22.7%
Serpentine - Jarrahdale	4.0	5.4	21.7%	20.7%
South Perth	7.2	9.6	38.8%	24.4%
Stirling	6.1	8.1	32.9%	24.3%
Swan	4.4	5.9	24.0%	22.5%
Wanneroo	4.6	6.2	25.0%	22.1%

REGIONAL WA

Throughout the December 2018 quarter, regional Western Australia dwelling values increased at a slightly faster pace than household incomes leading to a slight decline in housing affordability.

Despite the slight quarterly decline in affordability, housing in regional Western Australia is now more affordable than it was a decade ago due to the substantial decline in dwelling values post mining boom. In fact, the dwelling value to household income ratio hasn't been as low as it is currently since March 2005. Similarly, ongoing declines in rents over recent years has seen renting becoming more affordable also. Over the past decade, dwelling values in regional WA are -14.0% lower while household incomes have increased 25.4% which has led to the stark improvement in housing affordability.

MEDIAN DWELLING VALUE

$295,490
December 2018

$343,728
December 2008

$358,295
December 2013

$148,377
December 2003

MEDIAN HOUSEHOLD INCOME

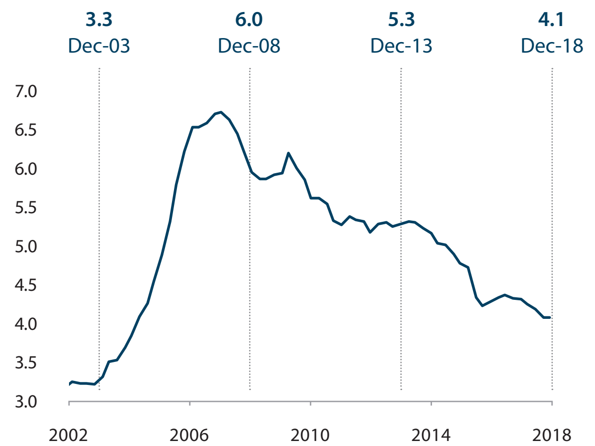
$1,393/week
December 2018

$1,111/week
December 2008

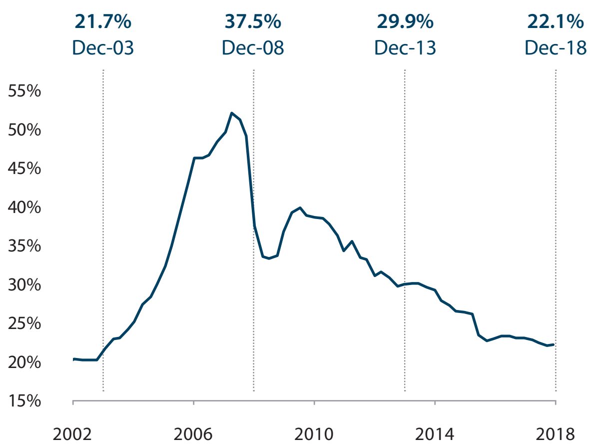
$1,303/week
December 2013

$860/week
December 2003

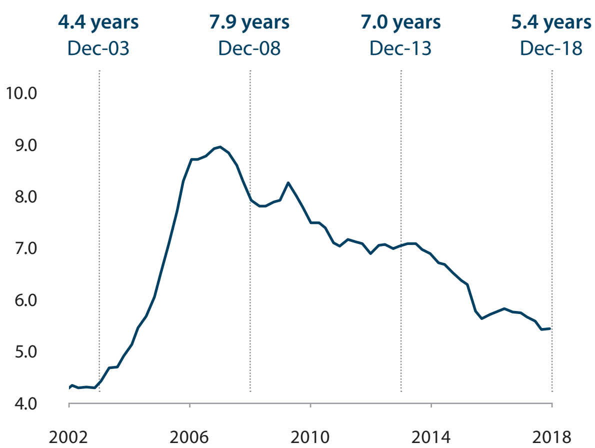
VALUE TO INCOME RATIO



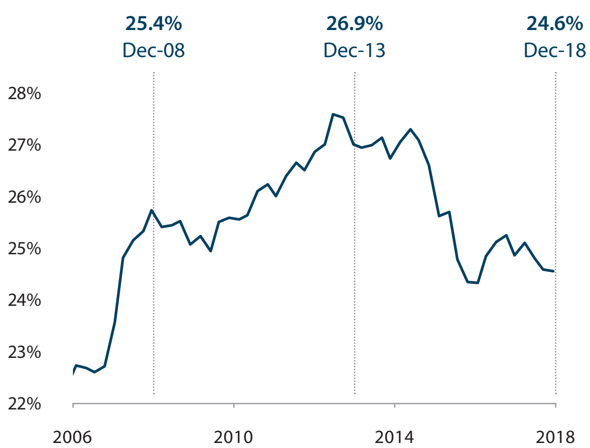
SHARE OF INCOME REQUIRED FOR REPAYMENTS



YEARS TO SAVE A DEPOSIT



RENT TO INCOME RATIO



SA3 Region	Dwelling value to income ratio	Yrs to save a 20% deposit based on saving 15% of household income	% of household income required to service an 80% LVR mortgage	% of household income required to rent a home
Albany	5.4	7.2	29.1%	28.4%
Augusta - Margaret River - Busselton	6.6	8.8	35.9%	30.3%
Bunbury	4.5	6.0	24.5%	25.2%
East Pilbara	1.8	2.4	9.9%	19.0%
Esperance	3.5	4.7	19.0%	23.2%
Gascoyne	3.7	4.9	20.0%	29.6%
Goldfields	2.2	3.0	12.1%	17.8%
Kimberley	4.8	6.4	26.1%	32.0%
Manjimup	4.9	6.6	26.6%	26.5%
Mid West	3.2	4.3	17.5%	22.6%
West Pilbara	2.8	3.8	15.3%	21.7%
Wheat Belt - North	3.6	4.7	19.3%	24.5%
Wheat Belt - South	2.4	3.2	13.0%	23.2%

HOBART

Over the quarter, dwelling values in Hobart increased at more than twice the pace at which household incomes rose, leading to a worsening of housing affordability.

With dwelling and rental rates rising at a fairly rapid pace over recent years, Hobart has experienced a rapid deterioration in housing affordability over this period. In fact, housing affordability based on a dwelling value to household income measure hasn't been as weak as it is currently any time since 2002. Over the past decade, dwelling values have increased by 54.8%, eclipsing the 37.1% rise in household incomes which has led to the deterioration in housing affordability.

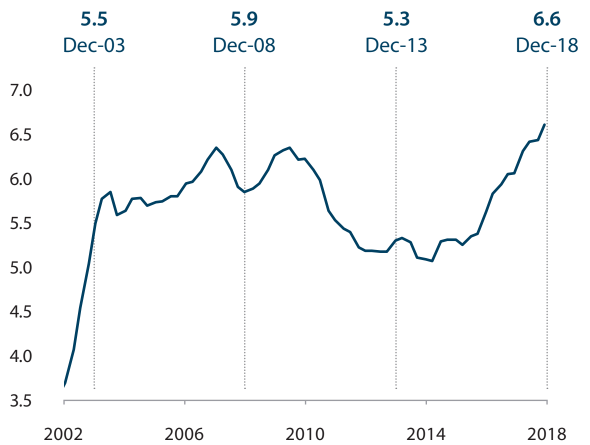
MEDIAN DWELLING VALUE

$457,523 December 2018	**$295,500** December 2008
$312,962 December 2013	**$223,210** December 2003

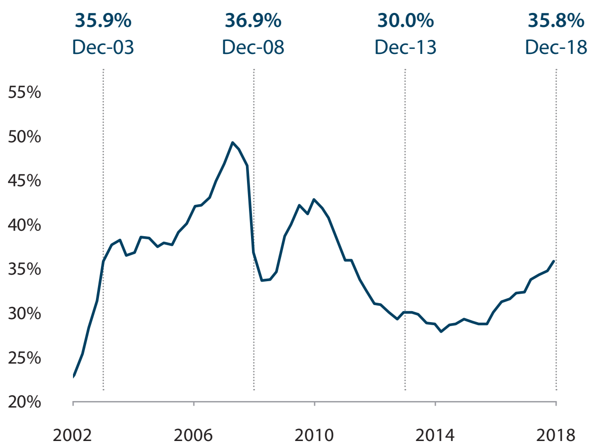
MEDIAN HOUSEHOLD INCOME

$1,330/week December 2018	**$971/week** December 2008
$1,135/week December 2013	**$781/week** December 2003

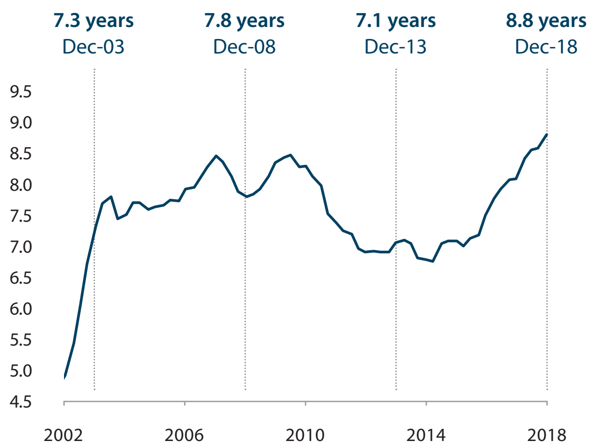
VALUE TO INCOME RATIO



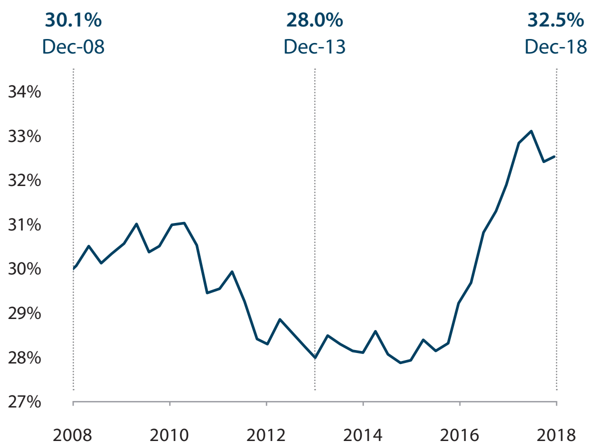
SHARE OF INCOME REQUIRED FOR REPAYMENTS



YEARS TO SAVE A DEPOSIT



RENT TO INCOME RATIO



SA3 Region	Dwelling value to income ratio	Yrs to save a 20% deposit based on saving 15% of household income	% of household income required to service an 80% LVR mortgage	% of household income required to rent a home
Brighton	5.5	7.3	29.5%	30.7%
Hobart - North East	6.9	9.3	37.6%	32.2%
Hobart - North West	6.1	8.1	33.0%	37.0%
Hobart - South and West	6.5	8.7	35.4%	30.7%
Hobart Inner	7.9	10.6	42.9%	34.4%
Sorell - Dodges Ferry	5.8	7.8	31.5%	30.7%

REGIONAL TAS

In regional Tasmania, household incomes increased at a much faster pace than dwelling values over the December 2018 quarter, leading to an improvement in housing affordability.

Despite the quarterly improvements, over the past few years both dwelling values and rental rates have started to climb which has led to deteriorating levels of affordability. Affordability is not as severe as it was back in 2009, however affordability has shown a sharp deterioration over recent years. The worsening picture for housing affordability is driven by the fact that over the five years to December 2018 median dwelling values have increased by almost double the rate (27.5%) of household incomes (15.2%).

MEDIAN DWELLING VALUE

$285,433
December 2018

$227,937
December 2008

$223,944
December 2013

$151,036
December 2003

MEDIAN HOUSEHOLD INCOME

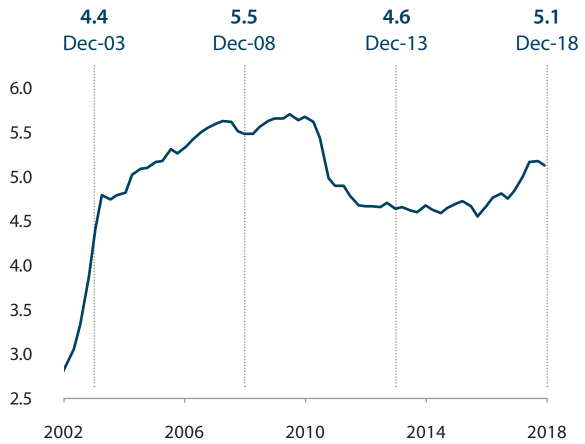
$1,070/week
December 2018

$799/week
December 2008

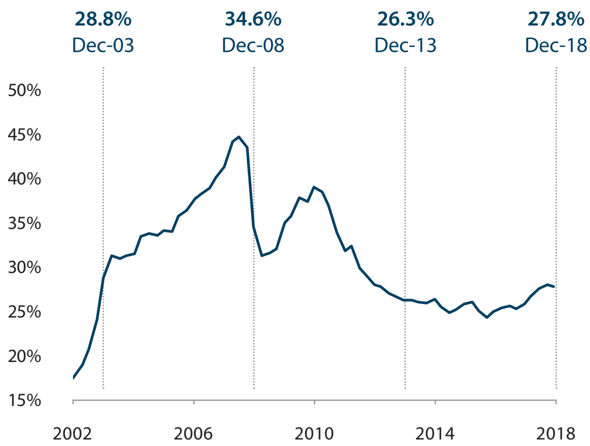
$928/week
December 2013

$659/week
December 2003

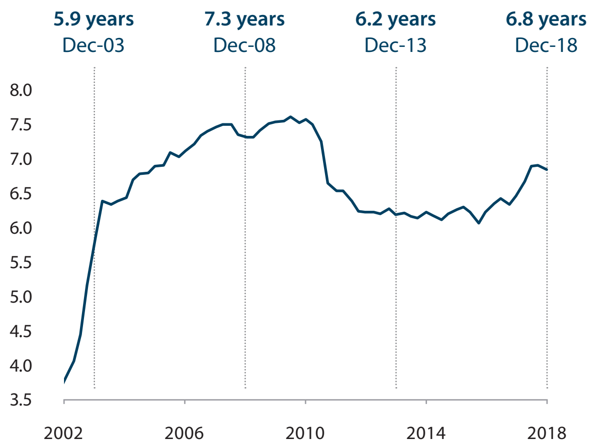
VALUE TO INCOME RATIO



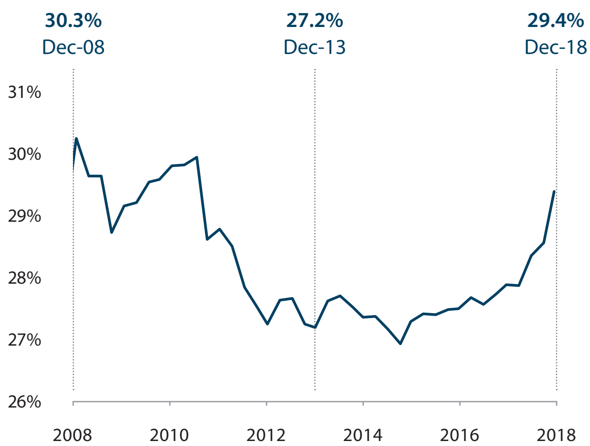
SHARE OF INCOME REQUIRED FOR REPAYMENTS



YEARS TO SAVE A DEPOSIT



RENT TO INCOME RATIO



SA3 Region	Dwelling value to income ratio	Yrs to save a 20% deposit based on saving 15% of household income	% of household income required to service an 80% LVR mortgage	% of household income required to rent a home
Burnie - Ulverstone	4.5	6.1	24.6%	28.7%
Central Highlands (Tas.)	4.1	5.5	22.2%	28.5%
Devonport	4.9	6.5	26.4%	27.9%
Huon - Bruny Island	7.4	9.8	39.9%	31.1%
Launceston	5.2	7.0	28.4%	29.7%
Meander Valley - West Tamar	6.0	8.0	32.5%	31.2%
North East	5.3	7.1	28.8%	29.2%
South East Coast	7.0	9.4	38.1%	36.5%
West Coast	2.9	3.9	16.0%	21.9%

DARWIN

Median dwelling values in Darwin continued to fall over the December 2018 quarter while household incomes lifted, leading to a further improvement in housing affordability.

Darwin has always been one of the more affordable capital city housing markets due to its high wages however, the ongoing price and rental falls are entrenching it as Australia's most affordable capital city. Over the past decade, median dwelling values have increased by 4.8% while gross household incomes are 52.7% higher. As a result of strong income growth and benign dwelling value growth there has been a substantial improvement in housing affordability.

MEDIAN DWELLING VALUE

$416,149
December 2018

$397,015
December 2008

$512,431
December 2013

$191,372
December 2003

MEDIAN HOUSEHOLD INCOME

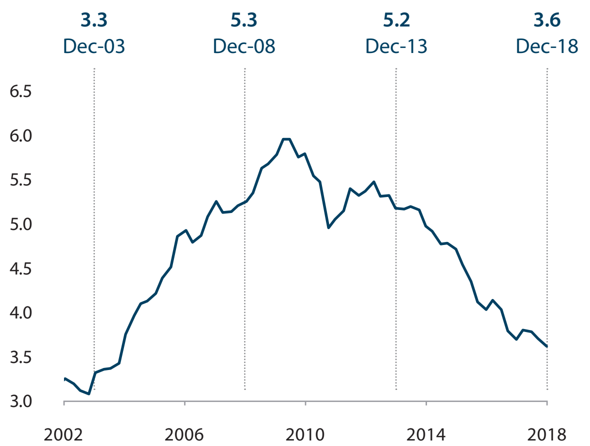
$2,216/week
December 2018

$1,451/week
December 2008

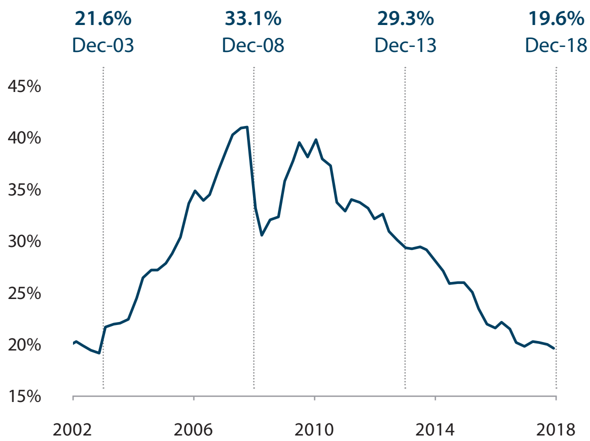
$1,902/week
December 2013

$1,111/week
December 2003

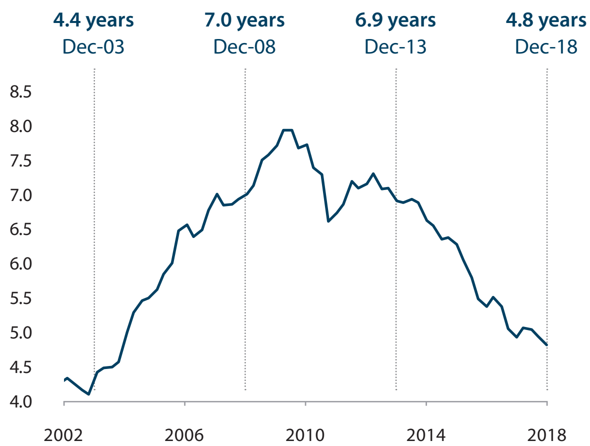
VALUE TO INCOME RATIO



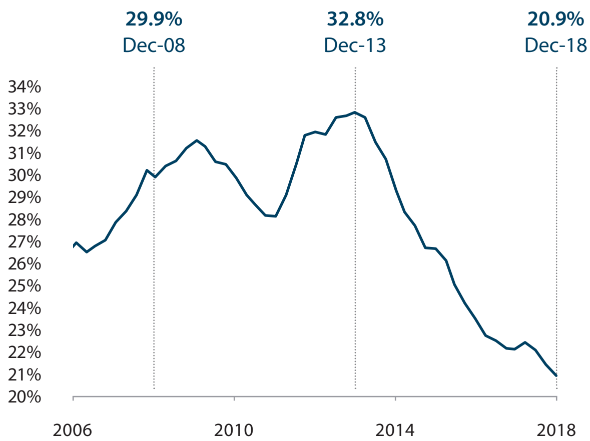
SHARE OF INCOME REQUIRED FOR REPAYMENTS



YEARS TO SAVE A DEPOSIT



RENT TO INCOME RATIO



SA3 Region	Dwelling value to income ratio	Yrs to save a 20% deposit based on saving 15% of household income	% of household income required to service an 80% LVR mortgage	% of household income required to rent a home
Darwin City	3.0	3.9	16.0%	20.5%
Darwin Suburbs	3.8	5.1	20.6%	21.4%
Litchfield	4.7	6.3	25.4%	23.8%
Palmerston	3.2	4.3	17.4%	19.9%

REGIONAL NT

Over the quarter, dwelling values have fallen at a faster pace than the decline in household incomes which has led to a further improvement in housing affordability.

While property values have continued to decline over recent years in Darwin, across regional NT the decline in dwelling values has been more moderate than those within the capital city. At the same time household income growth has been substantially lower relative to Darwin. Over the past five years, median dwelling values are -5.3% lower while household incomes are 1.3% higher which has resulted in a moderate deterioration in housing affordability over the past five years.

MEDIAN DWELLING VALUE

$352,877
December 2018

$287,258
December 2008

$372,432
December 2013

$189,659
December 2003

MEDIAN HOUSEHOLD INCOME

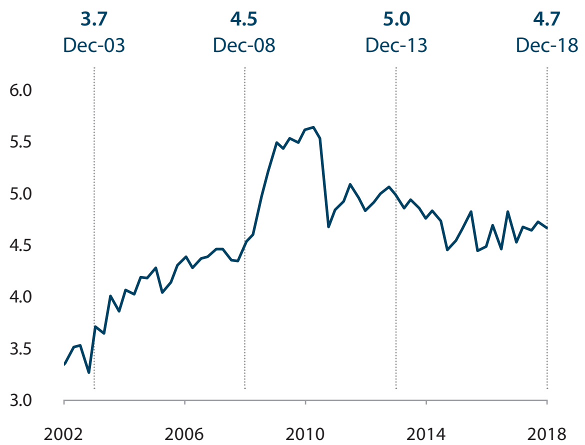
$1,453/week
December 2018

$1,218/week
December 2008

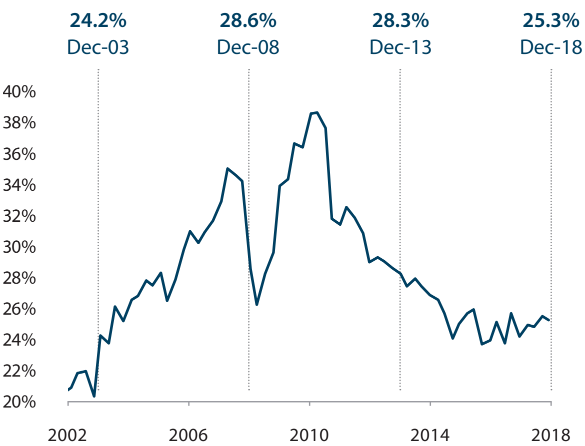
$1,434/week
December 2013

$983/week
December 2003

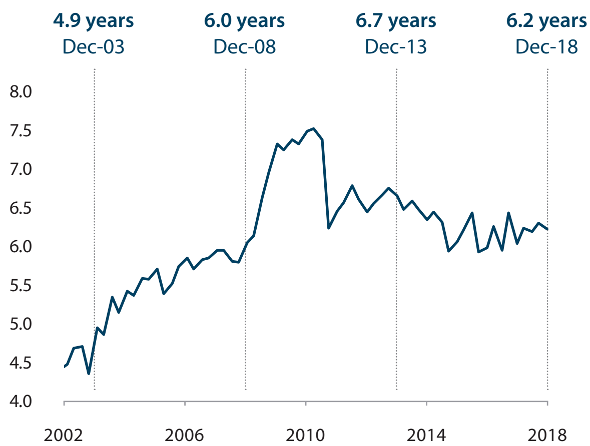
VALUE TO INCOME RATIO



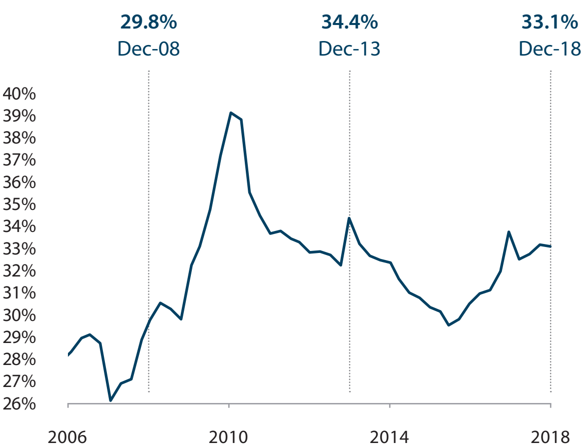
SHARE OF INCOME REQUIRED FOR REPAYMENTS



YEARS TO SAVE A DEPOSIT



RENT TO INCOME RATIO



SA3 Region	Dwelling value to income ratio	Yrs to save a 20% deposit based on saving 15% of household income	% of household income required to service an 80% LVR mortgage	% of household income required to rent a home
Alice Springs	4.8	6.4	26.1%	31.8%
Barkly	2.9	3.8	15.5%	34.8%
Daly - Tiwi - West Arnhem	4.3	5.7	23.0%	36.1%
Katherine	4.1	5.5	22.2%	30.4%

CANBERRA

Household incomes in Canberra rose at less than half the rate of dwelling values over the December 2018 quarter, leading to worsening housing affordability.

Rents are also rising fairly rapidly which has led to deteriorating rental affordability. Despite deteriorating affordability, high household incomes mean Canberra is much more affordable than most other capital cities. Over the past decade, dwelling values have increased by 43.4% compared to a 37.3% increase in household incomes which has led to a worsening in housing affordability relative to a decade ago.

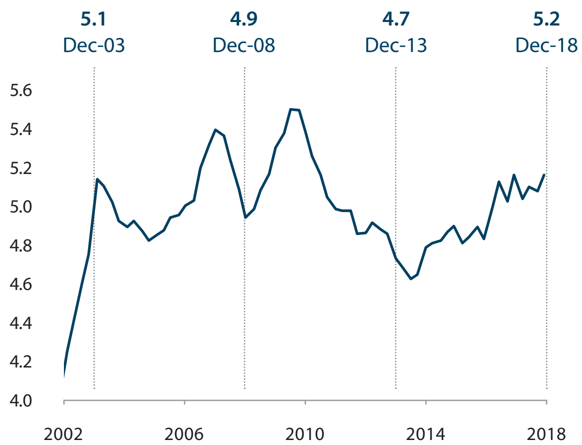
MEDIAN DWELLING VALUE

$601,275 December 2018	**$419,222** December 2008
$483,171 December 2013	**$333,407** December 2003

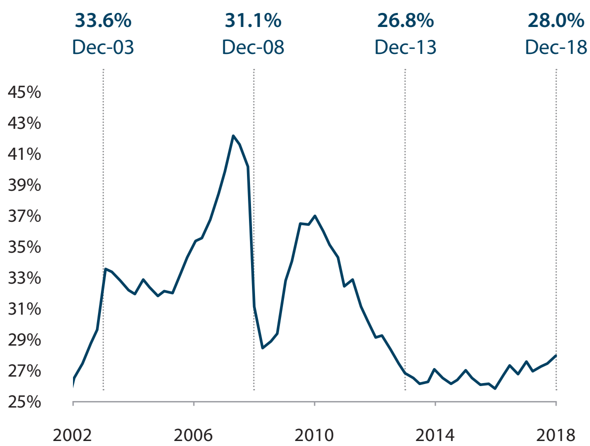
MEDIAN HOUSEHOLD INCOME

$2,239/week December 2018	**$1,631/week** December 2008
$1,964/week December 2013	**$1,247/week** December 2003

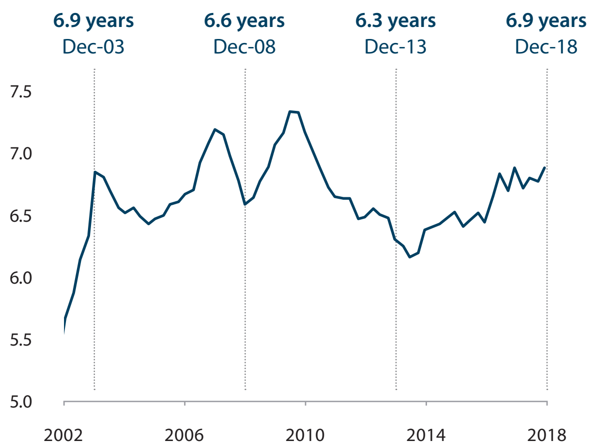
VALUE TO INCOME RATIO



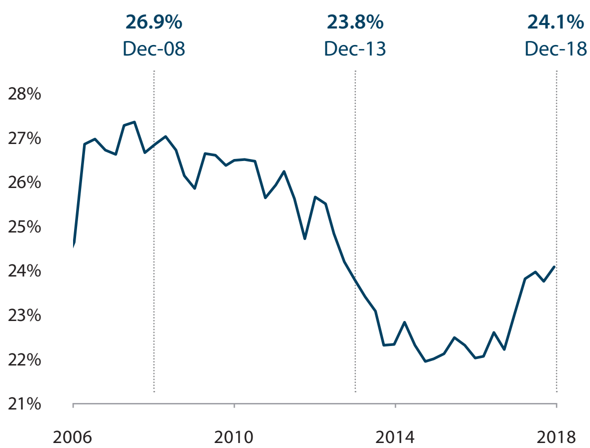
SHARE OF INCOME REQUIRED FOR REPAYMENTS



YEARS TO SAVE A DEPOSIT



RENT TO INCOME RATIO



SA3 Region	Dwelling value to income ratio	Yrs to save a 20% deposit based on saving 15% of household income	% of household income required to service an 80% LVR mortgage	% of household income required to rent a home
Belconnen	5.3	7.1	28.9%	24.5%
Gungahlin	5.0	6.7	27.1%	23.6%
Molonglo	2.6	3.4	13.9%	14.4%
North Canberra	5.1	6.8	27.7%	26.0%
South Canberra	5.2	6.9	28.1%	25.7%
Tuggeranong	4.9	6.5	26.6%	23.9%
Weston Creek	5.5	7.3	29.7%	24.7%
Woden Valley	6.5	8.7	35.1%	24.4%

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