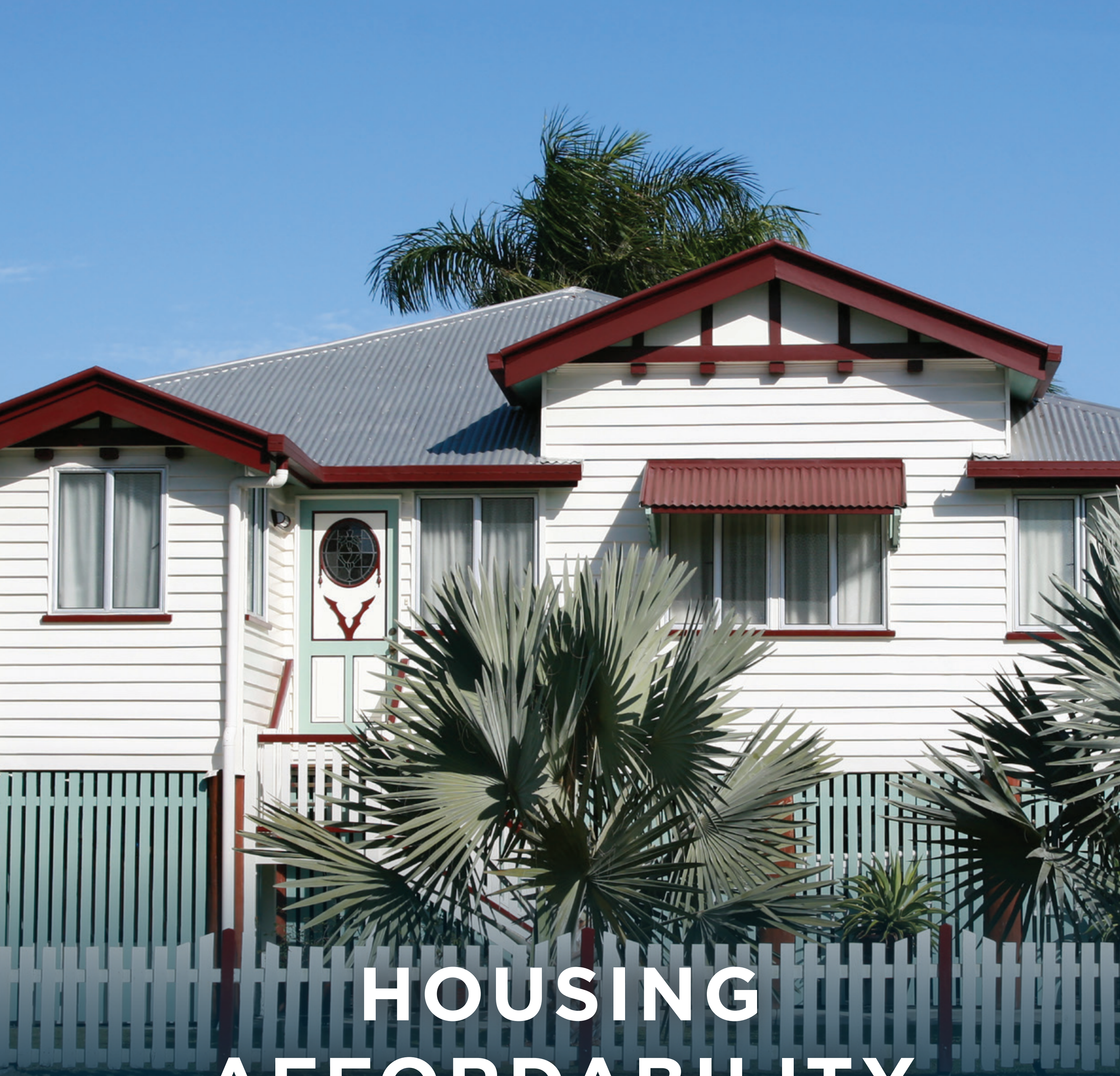

HOUSING AFFORDABILITY REPORT

JUNE QUARTER 2019

RELEASED NOVEMBER 2019

CoreLogic®

ANZ

FOREWORD

This is the second edition of the ANZ-CoreLogic Housing Affordability Report, the pre-eminent guide to the trends and drivers of housing affordability across Australia.

Buying a home has long been 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 secure housing is. Whether it is to buy or rent, access to affordable housing is a basic human need.

The factors that have eroded housing affordability over the past few decades are deep and varied. The decline in interest rates brought about by a decline in inflation that began in the 1990s, on top of financial deregulation, has been a key driver of the increase in prices. Strong population growth over the past decade has also put pressure on the available stock of housing, and is likely to continue.

The impact of these fundamental drivers has been exacerbated in Australia by a range of other issues, including a shortfall in transport infrastructure in major cities, as well as concessional tax treatment for investor housing and rental conditions which, on international comparisons, favours landlords. As a consequence, home ownership rates across almost all age cohorts, but especially among those on lower incomes has declined, while a greater proportion of income, for both owners and renters, is going towards the cost of housing.

Housing affordability is a key focus for policy makers and, along with the related issue of intergenerational inequity, is likely to remain at the top of the list of challenges currently facing governments. The decline in housing prices between mid-2017 and mid-2019 helped to lift many measures of affordability, but already these gains are eroding in Sydney and Melbourne with prices again rising sharply. Lower interest rates and easier access to credit are supporting the outlook for housing prices, but the problem of persistently low income growth remains. This too will continue to be a challenge for policy makers.

Over time, ANZ and CoreLogic's tracking of changes in affordability for home owners, aspirational buyers and renters will provide the data and analysis to inform the discussion around policies that aim to improve housing affordability for Australians.

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CONTENTS

INTRODUCTION

Housing affordability has improved over the past couple of years as dwelling values have trended lower, incomes risen and mortgage rates held around generational lows. Although improved housing affordability is a welcome evolution, with the housing market moving through a recent trough in mid-2019, it looks almost certain that prospective home buyers are once again set to face a rising challenge in accessing the market.

The late 2017 to mid-2019 housing downturn, which saw real estate values fall 8.4% nationally, has resulted in a range of both positive and negative outcomes. On the downside, household wealth, which is largely concentrated within the housing asset class, has been eroded, contributing to a reduction in consumer spending growth. Residential construction activity has also slowed, adding further weight to the economic slowdown, and revenues for industry participants, as well as peripheral sectors such as state governments, have been negatively impacted.

From a positive perspective, the recent downturn in housing values has paved the way for a material improvement in housing affordability. Along with a subtle rise in household incomes, the drop in housing values has seen the ratio of dwelling values relative to household incomes reach the lowest levels since December 2013. At the same time, with mortgage rates at the lowest level since the 1950's, households are dedicating the smallest proportion of their incomes towards servicing a mortgage since early 2004. Rental affordability has improved also, with renters spending the lowest proportion of income on accommodation since mid-2007.

Over the long term, as housing values have traversed their cycles and economic conditions have been through ebbs and flows, housing affordability has seen periods where conditions have improved and worsened, however the general trajectory has seen access to the housing market become progressively more challenging.

Since our housing affordability series commenced in 2001 through to June 2019, household incomes have risen at the annual rate of 3.8% while dwelling values have increased by 6.0% per annum nationally and rents have increased by 4.7% per annum. The net result is that dwelling values and (to a lesser extent) rents are higher relative to incomes.

The flipside is that for those households who have been able enter the market, they have typically accumulated wealth over the long term and it has become easier to service a mortgage thanks to the lowest mortgage rates in at least 60 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 values 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 a 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 A NEW 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.

NOTE

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 retirees or semi-retirees who would typically show a lower household income profile.

OVERVIEW

The latest housing affordability metrics highlight further improvement in housing affordability that can be attributed to a broad based fall in home values, subtle improvements in household incomes, sluggish rental market conditions and low mortgage rates.

Housing affordability to the end of June 2019 has benefitted from the recent housing downturn, with national household incomes consistently outpacing dwelling values for the first time since 2012. The June 2019 affordability indicators pre-date a turning point in housing market conditions, where housing values were generally trending lower and housing affordability was improving between mid-to-late 2017 through to mid-2019. Since July 2019, national indicators have shown a return to rising real estate values which will see the improvements in housing affordability start to retrace as dwelling values once again outpace incomes.

While housing affordability is looking much healthier relative to a few years ago, the two largest Australian cities, Sydney and Melbourne, continue to stand out with higher ratios of dwelling values relative to incomes and a larger proportion of household income dedicated to servicing a mortgage.

Sydney and Melbourne have recorded a more substantial rise in housing values over the past decade. Despite the recent downturn where Sydney's median dwelling value was down almost 14%, the median has increased at the annual rate of 5.5% over the past decade while household incomes were up a lower 3.3% per annum. Similarly, in Melbourne, the median dwelling value has increased 4.4% per annum over the past ten years while household incomes are up 3.1% per annum.

This compares with the national benchmark, where the median dwelling value (+3.0% per annum) has increased at a slightly slower rate than household incomes (+3.1% per annum) over the past ten years, resulting in a dwelling value to income ratio in June 2019 that is roughly equivalent with the ratio ten years ago.

Housing affordability has improved the most significantly in Darwin, which is also where housing values have posted the largest correction. Darwin households are paying an average of 3.4 times their annual gross income to purchase the typical dwelling and Darwin is the only city where the proportion of gross annual household income dedicated to servicing a new mortgage is less than 20%.

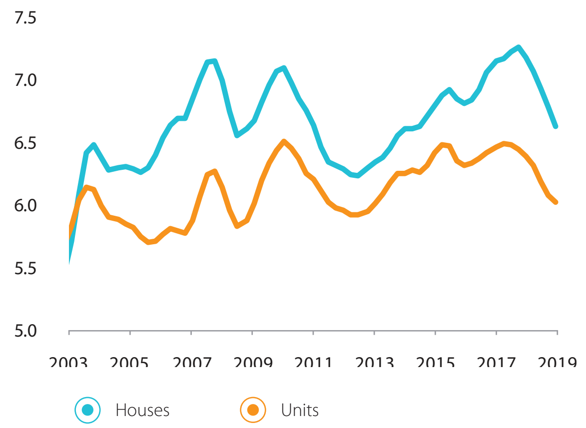
Rental affordability shows a different trend, with Hobart standing out as the most unaffordable capital city rental market, based on the proportion of gross annual household income dedicated to paying the weekly rent. On average, Hobart households are dedicating 33.9% of their gross annual income to paying the rent. Rents are up 6.3% across Hobart over the twelve months ending June 2019 compared with a 1.2% rise nationally.

Regional areas of Australia are generally recording healthier housing affordability indicators relative to their capital city counterparts. The past five year and ten year periods have seen household incomes rise at a faster rate than dwelling values across the combined non-capital city markets, and the ratio of housing values to household incomes is lower across each of the regional areas of each state relative to the capital city.

NATIONAL OVERVIEW

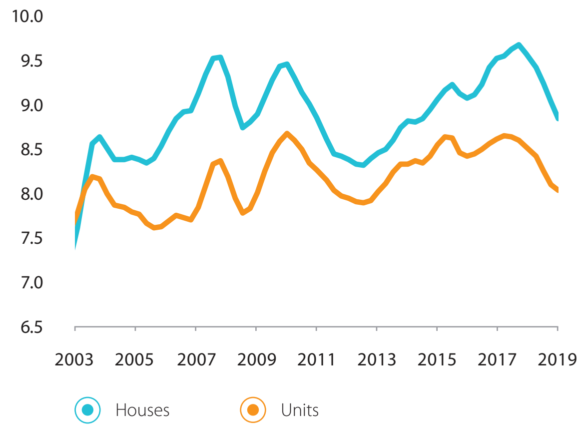
DWELLING VALUE TO HOUSEHOLD INCOME RATIO

The national dwelling value to household income ratio has reduced from a recent high of 7.0 in March 2018 to 6.5 at the end of June 2019; the lowest ratio since the December quarter of 2013. The healthier balance between household incomes and housing values can be attributed to a reduction in real estate values while household incomes have continued to rise. The unit sector is continuing to show a substantial affordability surplus relative to houses, with the ratio for units tracking at 6.0 compared with 6.6 for houses.



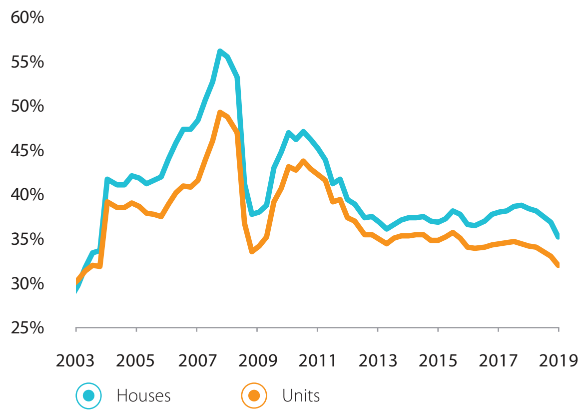
YEARS TO SAVE A DEPOSIT

Based on households saving 15% of their gross annual income, it would take the typical household 8.6 years to save a 20% deposit at the end of June quarter 2019, down from a recent high of 9.4 years at the end of March 2018 and 9.3 years at the same time a year earlier. With houses generally more expensive than units, the amount of time to save for a deposit is longer: 8.9 years compared with 8.0 years to save for a unit deposit.



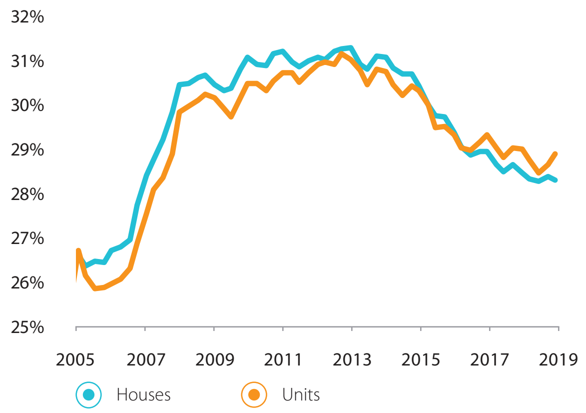
SHARE OF INCOME REQUIRED FOR MORTGAGE REPAYMENTS

As at June 2019 the repayment on a new 80% LVR mortgage required 34.4% of gross household income; the lowest share dedicated to mortgage repayments since March 2004 and substantially lower than the recent peak proportion of household income dedicated to servicing a new home loan: 54.2% in March 2008 when discounted variable mortgage rates were averaging 8.7%. At the end of June 2019 the discounted variable mortgage rate averaged 4.5%. A significant reduction in mortgage rates together with a drop in housing values has provided new borrowers with a substantial reduction in loan servicing payments. The typical household was dedicating 35.3% of their gross annual income to service repayments on a house and 32.0% on loan repayments for a unit.



SHARE OF INCOME REQUIRED FOR RENT PAYMENTS

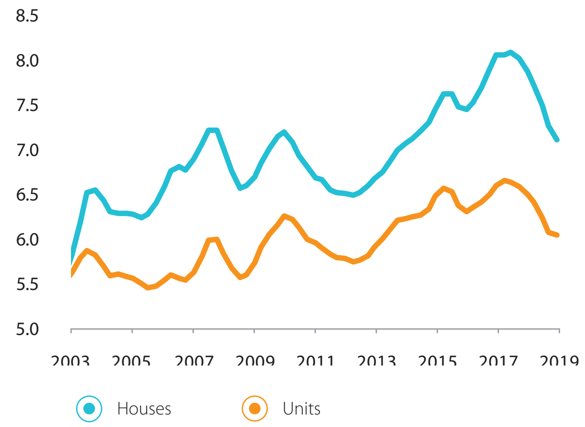
The proportion of gross annual household income dedicated to renting has held reasonably firm over the twelve months ending June 2019 at 28.5% (28.6% in June 2018), after trending lower from a recent high of 31.3% in June 2013. The relatively healthy proportion of household income being dedicated to rental payments 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 3.1% 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

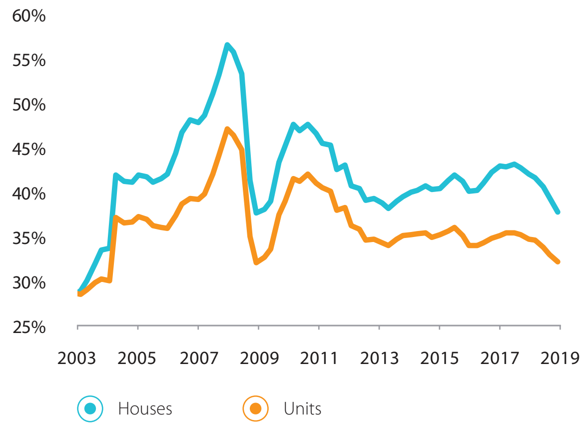
DWELLING VALUE TO HOUSEHOLD INCOME RATIO

The dwelling value to household income ratio was recorded at 6.8 in June 2019, down from 7.4 a year earlier and the lowest reading since March 2014. The ratio of household incomes to dwelling values has been consistently reducing since moving through a recent high in December 2017 when the ratio reached 7.6. Due to their higher median value, capital city houses show a substantially higher ratio relative to units, at 7.1 for houses compared with 6.0 for units.



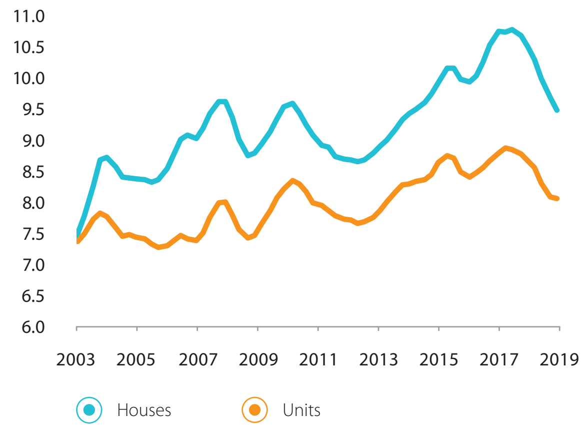
SHARE OF INCOME REQUIRED FOR MORTGAGE REPAYMENTS

The proportion of gross annual household income required to service a new 80% LVR mortgage was 35.8% in June 2019, down from 39.5% a year ago. As mortgage rates have dropped and housing values trended lower, the proportion of household income required to service a new mortgage has reduced from a recent peak of 53.5% in March 2008. The proportion of household income required to pay a new mortgage on a house was 37.8% in June 2019 compared with a lower 32.1% for units.



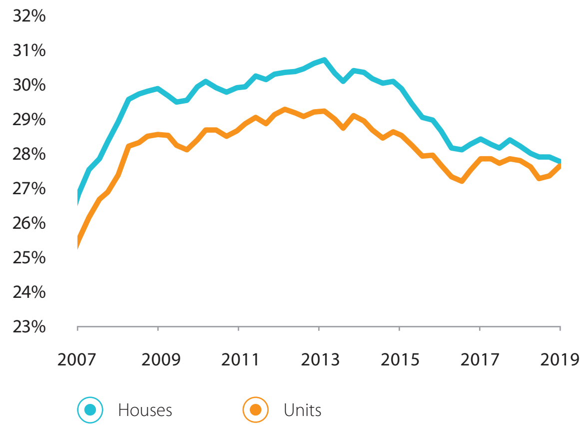
YEARS TO SAVE A DEPOSIT

Assuming households can save 15% of their gross annual income, it would take an average of 9.0 years for the typical capital city household to save a 20% deposit on the median valued dwelling. The time it takes to save a 20% deposit has reduced from a recent peak of 10.1 years in December 2017. Households saving for a house deposit have a longer savings period, recorded at 9.5 years for a capital city house compared with 8.1 years for a capital city unit.



SHARE OF INCOME REQUIRED FOR RENT PAYMENTS

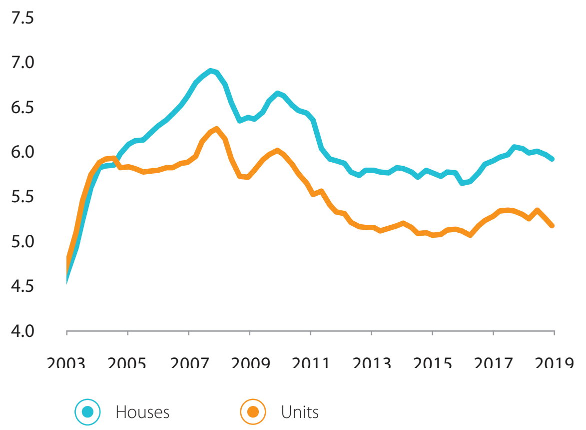
Renting generally requires a smaller proportion of household income than paying a mortgage. Capital city households are dedicating 27.7% of their gross annual household income towards rental payments; down from 28.1% a year ago and a recent peak of 30.2% in June 2013. The median rental rate across the combined capitals has increased at the annual rate of 2.4% over the past ten years, compared with a 3.0% annual rise in household incomes, which has seen rental affordability improve over the past decade. On average, capital city households are dedicating 27.8% of their gross annual income to rent a house and 27.7% to rent a unit.



COMBINED REGIONAL AREAS OVERVIEW

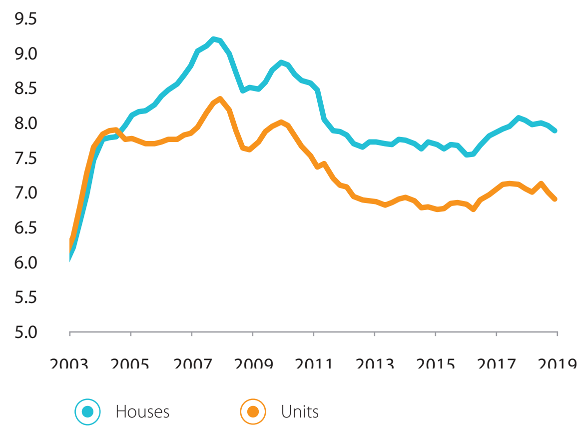
DWELLING VALUE TO HOUSEHOLD INCOME RATIO

The ratio of dwelling values to household incomes is substantially lower across the broad regional areas of Australia relative to the capital cities, however the regional markets haven't seen the same substantial improvement in affordability. The dwelling value to income ratio across the combined regional areas was recorded at 5.8 in June 2019, which is down from 5.9 a year ago, and an improvement from the recent high of 6.8 recorded in December 2007. Similar to the capitals, the ratio is higher for houses than units, recorded at 5.9 and 5.2 respectively.



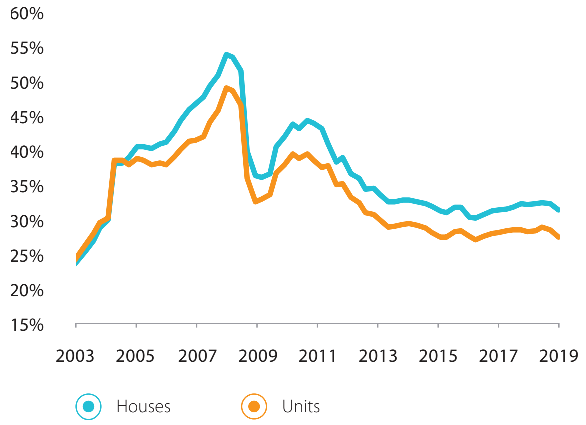
YEARS TO SAVE A DEPOSIT

Regional households saving 15% of their income will typically need to save for 7.7 years in order to accrue a 20% deposit; a slight improvement from one year ago (7.8 years) and down from the recent peak of 9.0 years in 2008. To save for a house deposit it currently takes 7.9 years which is slightly shorter than year ago (8.0) but well down from the recent peak of 9.2 years in early 2008. The time to save a deposit for a unit is shorter, recorded at 6.9 years; down from 7.1 years twelve months ago.



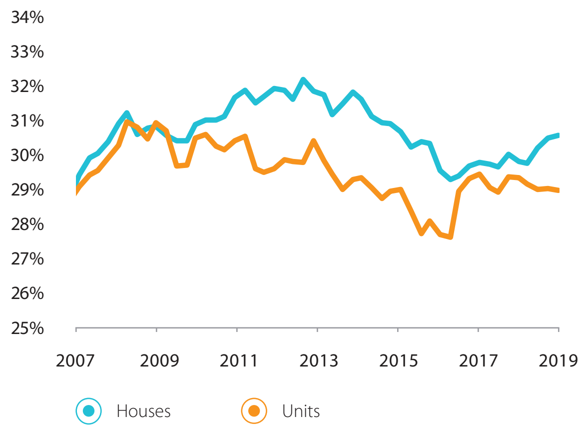
SHARE OF INCOME REQUIRED FOR MORTGAGE REPAYMENTS

Repayments on a new mortgage on a regional dwelling currently require 30.6% of gross household income, well down from the recent peak of 53.1% in March 2008. The proportion of income required by regional households to service a new mortgage has been held below one third since June 2013, although detached houses require a higher proportion of income at 31.4% compared with units at 27.5%.



SHARE OF INCOME REQUIRED FOR RENT PAYMENTS

The proportion of income required to pay the rent is roughly equivalent compared with the proportion of income required to service a mortgage across regional Australia, with renters on average dedicating 30.3% of their income to rent and 30.6% to mortgage payments. The proportion of household income dedicated to rental payments has trended higher since late 2016 reflecting an 8.6% rise in rents between the end of 2016 and June 2019, while household incomes were up a lower 5.3%. The proportion of household income dedicated to renting a house was 30.6% in June 2019 compared with 29.0% for a unit.



MAJOR REGION AFFORDABILITY SUMMARY

AFFORDABILITY MEASURES ACROSS THE REGIONS AS AT JUNE 2019

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	8.2	11.0	43.7%	31.9%
Melbourne	7.2	9.6	38.4%	27.7%
Brisbane	5.8	7.7	30.8%	27.0%
Adelaide	6.2	8.2	32.8%	28.8%
Perth	5.2	6.9	27.4%	23.8%
Hobart	6.5	8.6	34.3%	33.9%
Darwin	3.4	4.5	17.9%	20.7%
Canberra	5.0	6.7	26.6%	24.4%
Regional NSW	7.0	9.3	37.1%	33.1%
Regional Vic	5.6	7.5	29.9%	27.8%
Regional Qld	5.4	7.1	28.5%	31.2%
Regional SA	4.1	5.5	21.9%	25.2%
Regional WA	4.2	5.6	22.3%	25.1%
Regional Tas	5.2	7.0	27.8%	29.9%
Regional NT	5.0	6.6	26.4%	34.4%
Combined capital cities	6.8	9.0	35.8%	27.7%
Combined regional areas	5.8	7.7	30.6%	30.3%

Although housing affordability has improved since 2017, Sydney and Melbourne continue to top the list of least affordable housing markets across Australia's broad regions. Although household incomes tend to be higher in these markets, dwelling values are disproportionately higher which has pushed the ratio of dwelling values to household incomes as well as the proportion of household income required to service a mortgage well above the other cities.

Hobart has shown a dramatic rise through the affordability rankings. Five years ago the dwelling value to household income ratio was the third lowest amongst the capital cities. By June 2019 Hobart has risen to become the third least affordable capital city housing market with a dwelling value to household income ratio of 6.5.

Across the regional areas of Australia, regional New South Wales stands out amongst the non-capital city markets for housing affordability challenges, with a dwelling value to household income ratio of 7.0, up from 6.6 ten years ago.

Based on the proportion of household income required to service a new mortgage and to pay the rent, the data also shows that it is generally cheaper to buy a dwelling compared with renting in Darwin, as well as across most of the regional areas including Queensland, Tasmania, Northern Territory, Western Australia and South Australia.

SYDNEY

Lower housing values together with a subtle rise in incomes, low mortgage rates and a decline in rents have driven a further improvement in Sydney's affordability measures.

The improved affordability metrics follow a long period when affordability deteriorated due to surging home values against relatively low household income growth. The past decade has seen Sydney's median dwelling value rise by 5.5% per annum while household income growth has averaged a lower 3.3% per annum. The divergence in dwelling values and household incomes has seen Sydney remain the nation's least affordable housing market across each of the three ownership metrics, while rental affordability was only marginally lower than the most unaffordable major region.

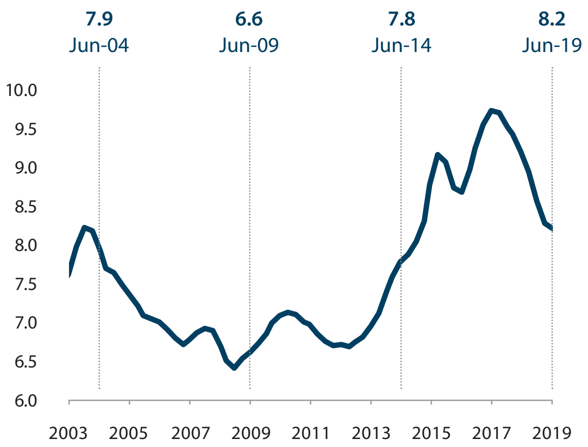
MEDIAN DWELLING VALUE

$ 777,693 June 2019	**$ 453,238** June 2009
$ 648,886 June 2014	**$447,605** June 2004

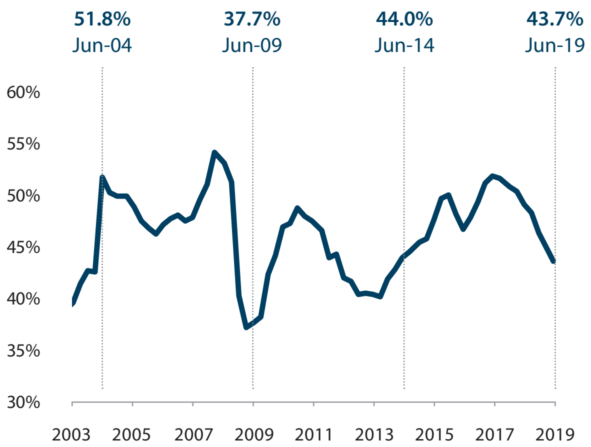
MEDIAN HOUSEHOLD INCOME

$ 1,818/week June 2019	**$ 1,315/week** June 2009
$ 1,603/week June 2014	**$ 1,086/week** June 2004

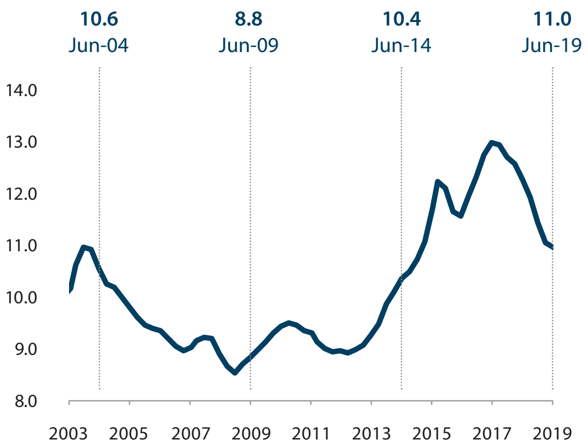
VALUE TO INCOME RATIO



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	8.7	11.6	46.3%	34.2%
Bankstown	10.7	14.2	56.7%	38.3%
Baulkham Hills	9.6	12.7	50.7%	30.0%
Blacktown	7.1	9.4	37.5%	27.1%
Blacktown - North	6.5	8.6	34.3%	24.3%
Blue Mountains	7.8	10.3	41.2%	30.5%
Botany	9.0	12.0	47.8%	38.0%
Bringelly - Green Valley	7.1	9.4	37.6%	28.7%
Camden	6.1	8.2	32.5%	24.6%
Campbelltown (NSW)	6.6	8.8	35.2%	28.2%
Canada Bay	10.5	13.9	55.5%	33.1%
Canterbury	9.9	13.1	52.3%	34.8%
Carlingford	10.8	14.4	57.5%	32.8%
Chatswood - Lane Cove	10.0	13.3	53.0%	33.3%
Cronulla - Miranda - Caringbah	9.9	13.2	52.7%	32.4%
Dural - Wisemans Ferry	12.0	16.0	63.9%	31.0%
Eastern Suburbs - North	10.6	14.1	56.1%	35.0%
Eastern Suburbs - South	10.3	13.8	54.8%	36.4%
Fairfield	9.3	12.4	49.6%	36.3%
Gosford	8.8	11.7	46.6%	37.0%
Hawkesbury	7.7	10.2	40.7%	26.9%
Hornsby	8.2	10.9	43.5%	29.2%
Hurstville	10.3	13.7	54.5%	34.3%
Kogarah - Rockdale	8.4	11.3	44.8%	31.9%
Ku-ring-gai	13.1	17.5	69.6%	35.4%
Leichhardt	10.5	14.0	55.7%	35.7%
Liverpool	8.3	11.1	44.2%	31.5%
Manly	11.4	15.2	60.6%	37.8%
Marrickville - Sydenham - Petersham	9.8	13.0	51.8%	36.2%
Merrylands - Guildford	10.0	13.4	53.2%	36.9%
Mount Druitt	6.5	8.6	34.4%	27.5%
North Sydney - Mosman	8.9	11.9	47.4%	31.1%
Parramatta	6.6	8.8	35.2%	26.6%
Pennant Hills - Epping	9.8	13.0	51.9%	28.7%
Penrith	6.1	8.1	32.3%	24.1%
Pittwater	12.4	16.5	65.9%	42.4%
Richmond - Windsor	7.1	9.5	37.9%	27.9%
Rouse Hill - McGraths Hill	7.5	10.0	39.7%	26.5%
Ryde - Hunters Hill	10.7	14.3	56.8%	31.7%
St Marys	6.8	9.1	36.1%	26.5%
Strathfield - Burwood - Ashfield	8.4	11.2	44.6%	33.1%
Sutherland - Menai - Heathcote	8.1	10.8	42.9%	30.2%
Sydney Inner City	9.0	12.0	47.9%	37.2%
Warringah	10.8	14.4	57.3%	36.2%
Wollondilly	6.1	8.2	32.6%	25.8%
Wyong	7.7	10.2	40.7%	34.7%

REGIONAL NSW

A slight reduction in housing values and incomes edging higher has seen housing affordability become slightly healthier across Regional NSW over the past year.

The twelve months ending June saw the median dwelling value across Regional NSW slip 2.4% lower while household incomes were up 1.1%. The bi-product of lower values and higher incomes is a subtle improvement in each of the ownership metrics. The ratio of dwelling values to household incomes has fallen from 7.2 to 7.0 over the twelve months ending June 2019 and the proportion of household income required to service a new mortgage has reduced from 38.6% to 37.1%. Rental affordability has worsened though, with the proportion of household income required to pay the rent rising from 32.5% in June 2018 to 33.1% in June 2019 as growth in rents outpaced household income growth.

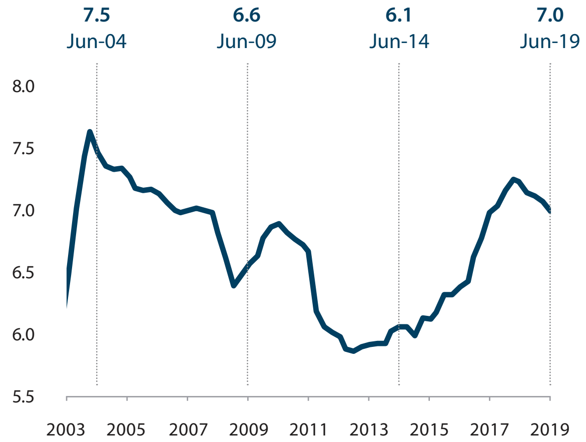
MEDIAN DWELLING VALUE

$ 442,291 June 2019	**$ 301,445** June 2009
$ 336,425 June 2014	**$ 284,308** June 2004

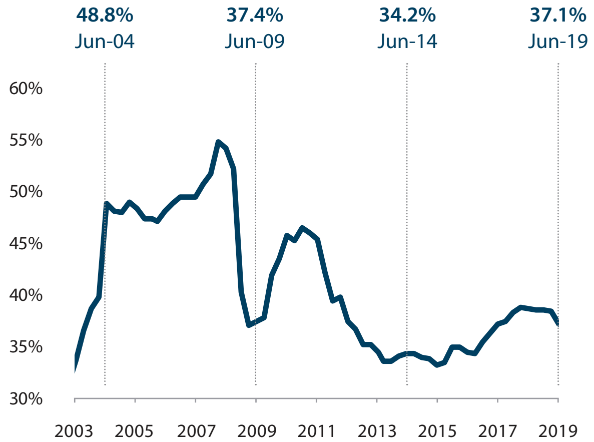
MEDIAN HOUSEHOLD INCOME

$ 1,217/week June 2019	**$ 882/week** June 2009
$ 1,068/week June 2014	**$ 732/week** June 2004

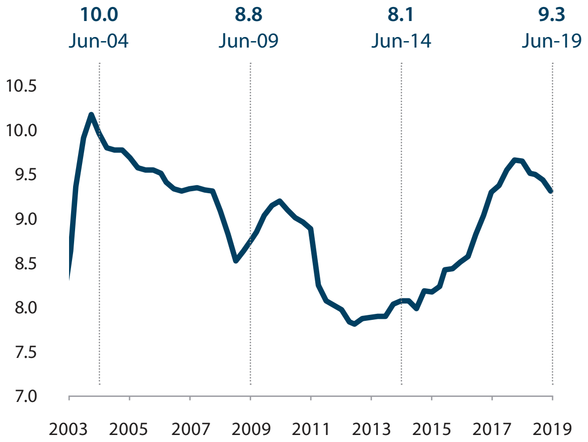
VALUE TO INCOME RATIO



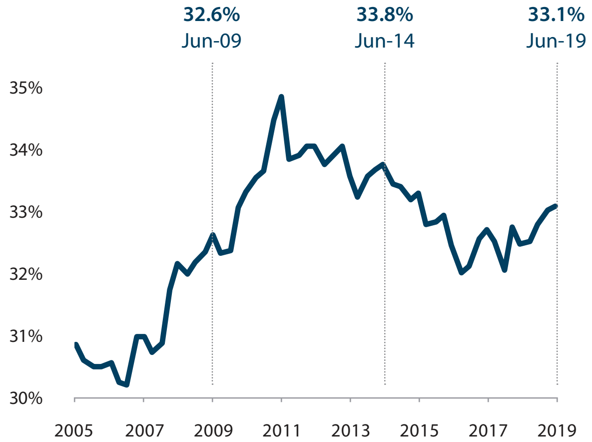
SHARE OF INCOME REQUIRED FOR REPAYMENTS



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	4.5	6.1	24.2%	26.7%
Armidale	4.6	6.2	24.7%	27.4%
Bathurst	5.7	7.6	30.3%	26.7%
Bourke - Cobar - Coonamble	2.3	3.0	12.1%	26.8%
Broken Hill and Far West	1.9	2.5	10.0%	27.5%
Clarence Valley	7.7	10.2	40.7%	46.3%
Coffs Harbour	7.8	10.4	41.3%	40.4%
Dapto - Port Kembla	7.3	9.8	38.9%	37.1%
Dubbo	4.5	5.9	23.6%	27.3%
Goulburn - Mulwaree	5.7	7.6	30.2%	29.2%
Great Lakes	9.9	13.2	52.7%	45.8%
Griffith - Murrumbidgee (West)	3.9	5.2	20.6%	22.9%
Inverell - Tenterfield	4.5	5.9	23.7%	32.1%
Kempsey - Nambucca	7.4	9.8	39.1%	39.3%
Kiama - Shellharbour	7.8	10.4	41.2%	36.9%
Lachlan Valley	3.6	4.8	19.1%	26.9%
Lake Macquarie - East	7.6	10.2	40.5%	32.5%
Lake Macquarie - West	7.0	9.3	37.0%	31.4%
Lithgow - Mudgee	5.6	7.5	29.9%	32.3%
Lower Hunter	5.1	6.9	27.3%	30.7%
Lower Murray	2.9	3.9	15.4%	24.8%
Maitland	6.0	8.0	32.0%	30.8%
Moree - Narrabri	2.6	3.5	13.8%	24.8%
Newcastle	7.5	10.0	40.0%	33.4%
Orange	5.3	7.0	28.0%	26.6%
Port Macquarie	9.1	12.1	48.2%	38.4%
Port Stephens	8.0	10.6	42.3%	35.9%
Queanbeyan	4.9	6.5	26.0%	25.5%
Richmond Valley - Coastal	11.2	14.9	59.2%	48.8%
Richmond Valley - Hinterland	6.3	8.4	33.3%	37.6%
Shoalhaven	9.5	12.7	50.6%	39.8%
Snowy Mountains	4.2	5.6	22.3%	28.3%
South Coast	9.0	12.1	48.0%	40.9%
Southern Highlands	9.7	12.9	51.3%	37.7%
Tamworth - Gunnedah	4.4	5.8	23.1%	26.8%
Taree - Gloucester	7.2	9.6	38.4%	37.2%
Tumut - Tumbarumba	4.3	5.7	22.7%	24.3%
Tweed Valley	9.2	12.2	48.8%	47.7%
Upper Hunter	4.3	5.7	22.8%	27.3%
Upper Murray exc. Albury	3.8	5.0	20.1%	25.9%
Wagga Wagga	4.1	5.5	22.0%	23.6%
Wollongong	8.7	11.6	46.2%	35.7%
Young - Yass	4.7	6.3	24.9%	25.4%

MELBOURNE

Lower housing values and a rise in household incomes is resulting in improved housing affordability.

Although Melbourne remains the second most expensive city based on the ratio of dwelling values to household incomes, the situation has improved over recent years. Melbourne's dwelling value to household income ratio has dropped from a recent high of 8.4 at the end of 2017 to 7.2 in June 2019 and households are required to dedicate less of their incomes towards servicing a new mortgage. The improvement in housing affordability follows many years where affordability was worsening; the past decade has seen Melbourne's median dwelling value increase by 4.4% while household incomes are up by a smaller 3.1% per annum. Rental affordability has been more stable; ten years ago Melbourne households were dedicating 27.4% of their annual income to paying rent, while in June 2019 it has risen only slightly to 27.7%.

MEDIAN DWELLING VALUE

$ 619,383 June 2019

$ 402,994 June 2009

$ 509,874 June 2014

$ 301,123 June 2004

MEDIAN HOUSEHOLD INCOME

$ 1,649/week June 2019

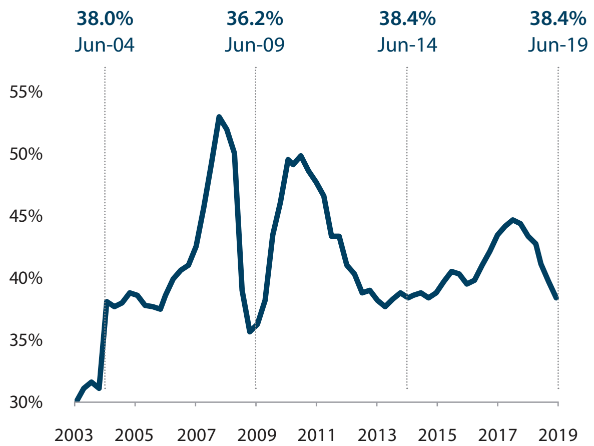
$ 1,216/week June 2009

$ 1,442/week June 2014

$ 994/week June 2004

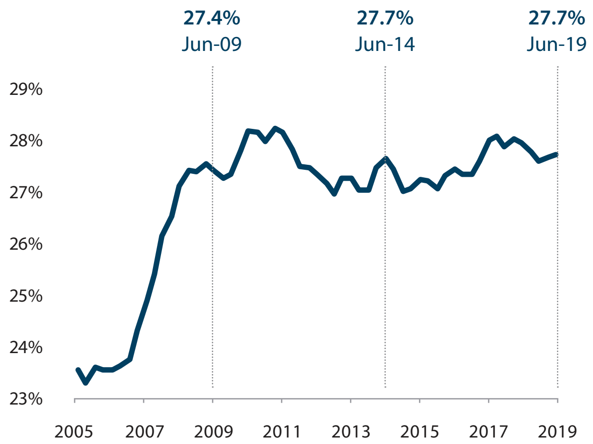
VALUE TO INCOME RATIO

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	41.0%	26.5%
Bayside	10.2	13.7	54.4%	33.6%
Boroondara	11.1	14.8	59.0%	27.6%
Brimbank	7.9	10.5	41.9%	29.6%
Brunswick - Coburg	7.4	9.9	39.3%	28.7%
Cardinia	6.1	8.2	32.5%	24.5%
Casey - North	6.8	9.0	36.0%	25.8%
Casey - South	6.0	8.0	31.7%	23.8%
Dandenong	8.0	10.7	42.5%	30.4%
Darebin - North	8.3	11.1	44.3%	30.4%
Darebin - South	7.0	9.4	37.3%	30.4%
Essendon	6.9	9.1	36.4%	26.5%
Frankston	7.0	9.3	37.1%	28.5%
Glen Eira	8.0	10.7	42.7%	28.8%
Hobsons Bay	7.5	10.0	39.6%	27.1%
Keilor	8.7	11.5	46.0%	27.9%
Kingston	8.3	11.0	43.9%	30.3%
Knox	7.8	10.4	41.3%	27.6%
Macedon Ranges	6.6	8.7	34.8%	24.3%
Manningham - East	9.3	12.4	49.3%	26.4%
Manningham - West	11.7	15.6	62.2%	34.1%
Maribyrnong	6.9	9.2	36.6%	27.3%
Maroondah	7.9	10.5	41.9%	26.7%
Melbourne City	7.2	9.6	38.1%	43.5%
Melton - Bacchus Marsh	5.6	7.5	29.9%	23.8%
Monash	10.7	14.2	56.6%	33.2%
Moreland - North	8.0	10.7	42.4%	28.5%
Mornington Peninsula	9.1	12.1	48.2%	33.3%
Nillumbik - Kinglake	7.0	9.3	37.1%	25.2%
Port Phillip	6.3	8.3	33.2%	27.1%
Stonnington - East	6.5	8.7	34.6%	25.4%
Stonnington - West	6.1	8.1	32.3%	26.1%
Sunbury	5.8	7.8	31.0%	25.2%
Tullamarine - Broadmeadows	6.9	9.2	36.6%	28.5%
Whitehorse - East	9.3	12.4	49.5%	28.4%
Whitehorse - West	10.9	14.6	58.0%	32.4%
Whittlesea - Wallan	6.9	9.2	36.5%	26.3%
Wyndham	5.9	7.9	31.3%	23.2%
Yarra	6.7	9.0	35.7%	28.2%
Yarra Ranges	7.2	9.6	38.2%	28.1%

REGIONAL VICTORIA

Housing affordability has remained relatively stable over the year ending June 2019, as housing values increased roughly in line with household incomes.

The levelling in housing affordability measurements comes after several years where housing affordability was consistently worsening as dwelling values rose faster than household incomes. The three years ending June 2019 saw the ratio of dwelling values to household incomes increase from 5.1 to a recent peak in December 2018 at 5.7 before reducing back to the current ratio of 5.6. Over the same period the proportion of household income required to pay a new mortgage increased from 27.3% to 30.8%, reducing back to 29.9% in June 2019. Rental affordability has worsened slightly as well, with median rental rates across regional Victoria increasing by 5.5% over the past twelve months compared with a 2.9% lift in household incomes.

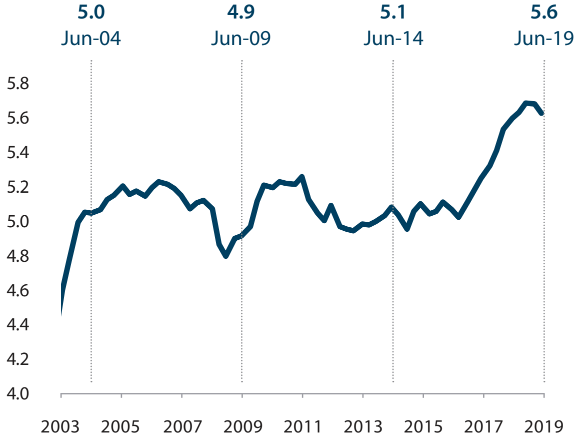
MEDIAN DWELLING VALUE

$ 357,840 June 2019	**$ 225,263** June 2009
$ 274,732 June 2014	**$ 195,339** June 2004

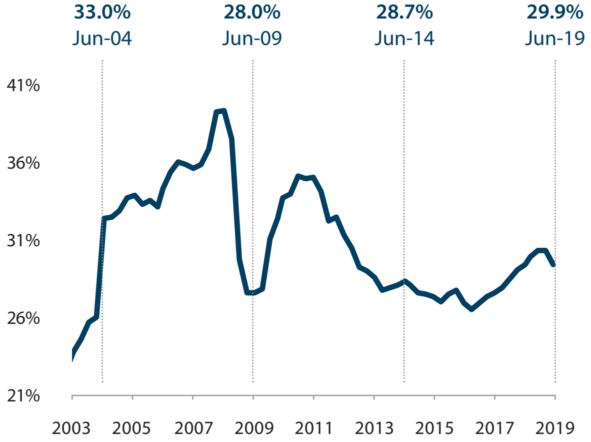
MEDIAN HOUSEHOLD INCOME

$ 1,223/week June 2019	**$ 881/week** June 2009
$ 1,040/week June 2014	**$ 744/week** June 2004

VALUE TO INCOME RATIO

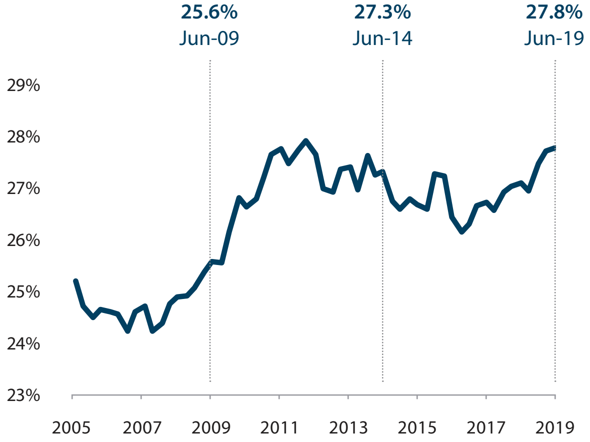


SHARE OF INCOME REQUIRED FOR REPAYMENTS



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	5.8	7.7	30.8%	26.9%
Barwon - West	5.9	7.8	31.2%	26.8%
Baw Baw	6.4	8.6	34.2%	29.1%
Bendigo	5.5	7.3	28.9%	26.7%
Campaspe	4.5	6.0	24.0%	26.1%
Colac - Corangamite	5.1	6.8	27.2%	28.2%
Creswick - Daylesford - Ballan	8.1	10.8	42.9%	29.9%
Geelong	7.2	9.6	38.3%	30.1%
Gippsland - East	5.5	7.3	29.1%	32.9%
Gippsland - South West	8.1	10.9	43.3%	34.6%
Glenelg - Southern Grampians	3.5	4.7	18.6%	24.7%
Grampians	3.3	4.5	17.7%	24.4%
Heathcote - Castlemaine - Kyneton	7.8	10.4	41.5%	28.8%
Latrobe Valley	3.8	5.0	20.1%	25.5%
Loddon - Elmore	3.2	4.3	17.0%	26.7%
Maryborough - Pyrenees	4.9	6.6	26.1%	32.8%
Mildura	4.3	5.7	22.7%	27.8%
Moira	4.4	5.9	23.5%	27.0%
Murray River - Swan Hill	3.7	5.0	19.8%	24.1%
Shepparton	4.0	5.4	21.4%	25.7%
Surf Coast - Bellarine Peninsula	8.5	11.4	45.4%	29.1%
Upper Goulburn Valley	5.8	7.7	30.6%	28.0%
Wangaratta - Benalla	4.9	6.6	26.1%	27.9%
Warrnambool	5.2	6.9	27.5%	27.9%
Wellington	3.9	5.1	20.5%	24.9%
Wodonga - Alpine	4.9	6.5	25.9%	25.7%

BRISBANE

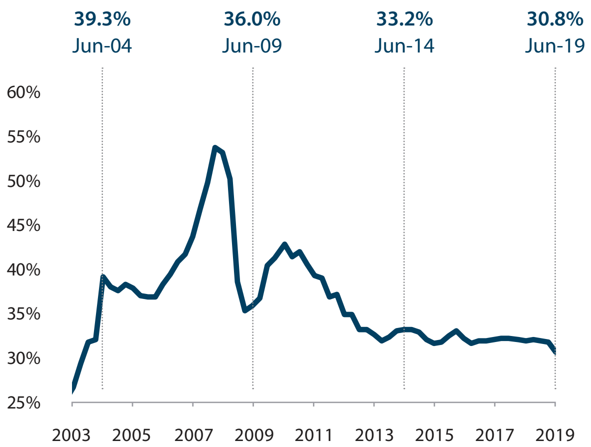
Housing has become substantially more affordable than a decade ago due to soft housing market conditions coupled with rising household incomes.

The past decade has seen Brisbane's median dwelling values rise by only 1.6% per annum while household incomes are up 2.5% per annum. The result is a substantial improvement in housing affordability. Brisbane households have seen the ratio of dwelling values to incomes reduce from a recent high of 6.9 in early 2008 to the current ratio of 5.8, and the share of household income required to service a new mortgage hasn't been this low since 2003. Rental affordability has seen a substantial improvement also, with median rental rates rising by only 1.7% annually over the past decade compared with a 2.5% annual lift in household incomes.

MEDIAN DWELLING VALUE		MEDIAN HOUSEHOLD INCOME	
$ 486,120 June 2019	**$ 412,823** June 2009	**$ 1,614/week** June 2019	**$ 1,255/week** June 2009
$ 452,017 June 2014	**$ 302,276** June 2004	**$ 1,478/week** June 2014	**$ 967/week** June 2004

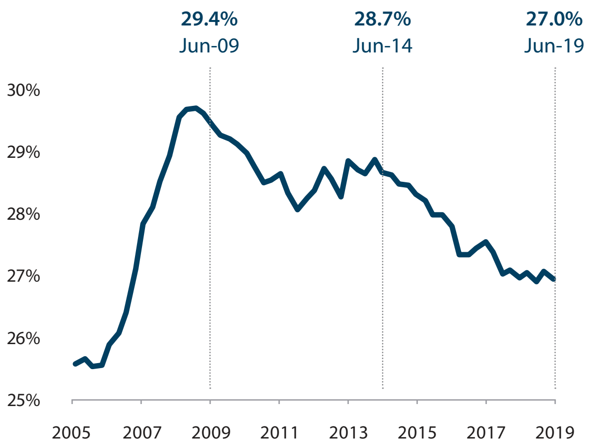
VALUE TO INCOME RATIO

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	5.9	7.8	31.2%	26.2%
Beaudesert	5.9	7.8	31.1%	32.4%
Beenleigh	5.5	7.3	28.9%	30.7%
Bribie - Beachmere	8.1	10.8	43.2%	41.8%
Brisbane Inner	5.3	7.1	28.3%	28.0%
Brisbane Inner - East	5.8	7.7	30.7%	23.0%
Brisbane Inner - North	5.8	7.8	30.9%	24.4%
Brisbane Inner - West	6.8	9.0	35.9%	24.1%
Browns Plains	4.9	6.5	25.8%	26.4%
Caboolture	5.4	7.2	28.6%	28.4%
Caboolture Hinterland	5.6	7.5	29.8%	28.8%
Capalaba	5.7	7.6	30.1%	28.7%
Carindale	6.7	8.9	35.5%	25.6%
Centenary	5.8	7.7	30.5%	25.1%
Chermside	6.6	8.9	35.3%	27.1%
Cleveland - Stradbroke	6.9	9.2	36.6%	33.0%
Forest Lake - Oxley	5.3	7.1	28.1%	28.8%
Holland Park - Yeronga	6.5	8.7	34.8%	24.4%
Ipswich Hinterland	4.9	6.5	25.8%	27.7%
Ipswich Inner	4.5	6.0	23.9%	24.3%
Jimboomba	5.0	6.7	26.6%	23.0%
Kenmore - Brookfield - Moggill	6.3	8.4	33.6%	27.1%
Loganlea - Carbrook	5.0	6.6	26.5%	26.9%
Mt Gravatt	7.1	9.5	37.8%	28.9%
Narangba - Burpengary	5.7	7.6	30.3%	27.6%
Nathan	6.5	8.7	34.8%	26.0%
North Lakes	5.1	6.8	27.1%	26.1%
Nundah	5.4	7.2	28.5%	24.6%
Redcliffe	6.9	9.2	36.7%	33.1%
Rocklea - Acacia Ridge	6.3	8.5	33.7%	28.6%
Sandgate	5.9	7.9	31.3%	27.9%
Sherwood - Indooroopilly	7.2	9.6	38.4%	28.0%
Springfield - Redbank	4.3	5.7	22.6%	22.8%
Springwood - Kingston	4.6	6.2	24.6%	27.7%
Strathpine	5.7	7.6	30.1%	28.0%
Sunnybank	7.7	10.3	41.0%	30.5%
The Gap - Enoggera	6.3	8.3	33.2%	25.8%
The Hills District	5.2	6.9	27.4%	24.3%
Wynnum - Manly	6.4	8.5	33.9%	28.1%

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REGIONAL QUEENSLAND

Housing affordability continues to improve across Regional Queensland as dwelling values continue to trend lower and household incomes edge higher.

Over the twelve months to June 2019, the median dwelling value across Regional Queensland fell by 0.8% while household incomes were up 1.9%. With values down and incomes up, households across Regional Queensland are dedicating less of their annual income towards servicing a new mortgage and the ratio of dwelling values to household incomes hasn't been this low since 2003. Rental affordability remains relatively healthy, with households dedicating about 31% of their income towards paying rent, however the trend in rental affordability is worsening as growth in rents outpaces growth in household incomes.

MEDIAN DWELLING VALUE

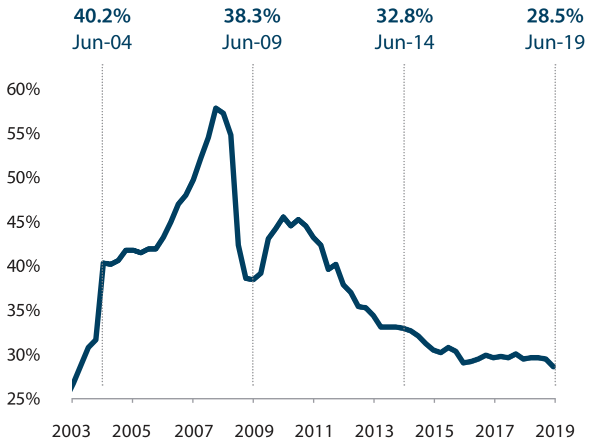
$ 367,241 June 2019	**$ 361,962** June 2009
$ 357,361 June 2014	**$ 162,801** June 2004

MEDIAN HOUSEHOLD INCOME

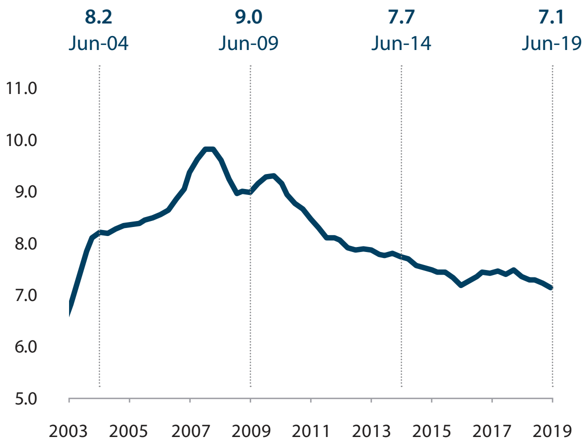
$ 1,317/week June 2019	**$ 1,032/week** June 2009
$ 1,183/week June 2014	**$ 887/week** June 2004

VALUE TO INCOME RATIO

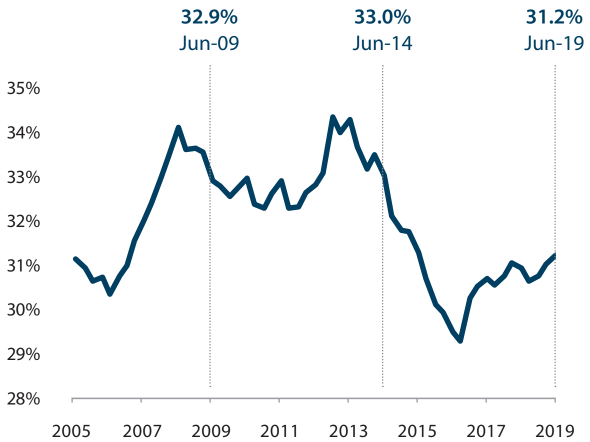
SHARE OF INCOME REQUIRED FOR REPAYMENTS



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	2.6	10.3%	19.5%
Bowen Basin - North	2.1	2.9	11.4%	21.6%
Broadbeach - Burleigh	7.9	10.6	42.2%	38.8%
Buderim	7.2	9.6	38.2%	36.4%
Bundaberg	5.1	6.8	27.1%	30.8%
Burnett	3.7	4.9	19.7%	30.4%
Cairns - North	5.0	6.6	26.4%	29.5%
Cairns - South	4.8	6.4	25.5%	30.7%
Caloundra	7.8	10.4	41.3%	36.1%
Central Highlands (Qld)	2.5	3.3	13.2%	19.7%
Charters Towers - Ayr - Ingham	2.7	3.7	14.5%	23.5%
Coolangatta	8.7	11.5	46.0%	42.7%
Darling Downs - East	3.1	4.1	16.4%	22.9%
Darling Downs (West) - Maranoa	2.6	3.4	13.7%	20.8%
Far North	4.3	5.7	22.8%	29.2%
Gladstone	3.4	4.5	18.0%	19.4%
Gold Coast - North	7.3	9.7	38.7%	40.1%
Gold Coast Hinterland	6.8	9.1	36.3%	32.3%
Granite Belt	4.4	5.8	23.1%	27.6%
Gympie - Cooloola	6.2	8.3	33.0%	34.1%
Hervey Bay	6.6	8.8	35.1%	37.7%
Innisfail - Cassowary Coast	3.8	5.0	20.0%	27.6%
Mackay	4.5	6.1	24.1%	30.2%
Maroochy	8.0	10.7	42.5%	36.0%
Maryborough	5.1	6.8	26.9%	32.9%
Mudgeeraba - Tallebudgera	6.4	8.5	33.8%	34.0%
Nambour	6.9	9.3	36.9%	36.3%
Nerang	6.4	8.5	33.8%	35.4%
Noosa	9.5	12.7	50.4%	42.1%
Noosa Hinterland	9.0	12.0	47.9%	38.6%
Ormeau - Oxenford	5.3	7.0	27.9%	27.7%
Outback - North	1.8	2.4	9.5%	21.0%
Outback - South	1.1	1.5	6.0%	19.6%
Port Douglas - Daintree	4.8	6.4	25.4%	27.4%
Robina	6.8	9.0	35.8%	38.3%
Rockhampton	3.9	5.2	20.8%	26.3%
Southport	7.3	9.7	38.6%	41.1%
Sunshine Coast Hinterland	7.8	10.4	41.4%	36.0%
Surfers Paradise	6.1	8.2	32.5%	40.9%
Tablelands (East) - Kuranda	5.5	7.3	29.0%	32.7%
Toowoomba	4.8	6.3	25.3%	25.3%
Townsville	4.2	5.6	22.1%	26.0%
Whitsunday	4.8	6.4	25.5%	30.7%

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ADELAIDE

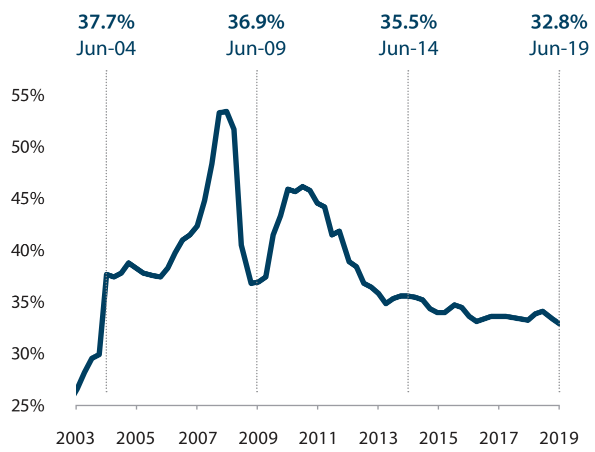
Housing affordability has held reasonably firm across Adelaide since 2011 as housing values and rental rates move at a similar rate to household incomes.

The ratio of dwelling values to household incomes has held below 6.4 since early 2012 as dwelling values and incomes rise at similar rates. The past decade has seen the median dwelling value across Adelaide increase at the annual rate of 2.3% compared with a 2.8% annual rise in household incomes, which has driven the dwelling value to household income ratio from 6.5 in 2009 to 6.2 in 2019. With lower mortgage rates, households with a new mortgage are dedicating less of their incomes towards mortgage servicing as well. In June 2019, households were, on average, dedicating 32.8% of their income towards mortgage repayments which was the lowest proportion since 2004.

MEDIAN DWELLING VALUE		MEDIAN HOUSEHOLD INCOME	
$ 430,654 June 2019	**$ 344,559** June 2009	**$ 1,341/week** June 2019	**$ 1,022/week** June 2009
$ 389,003 June 2014	**$ 249,475** June 2004	**$ 1,189/week** June 2014	**$ 831/week** June 2004

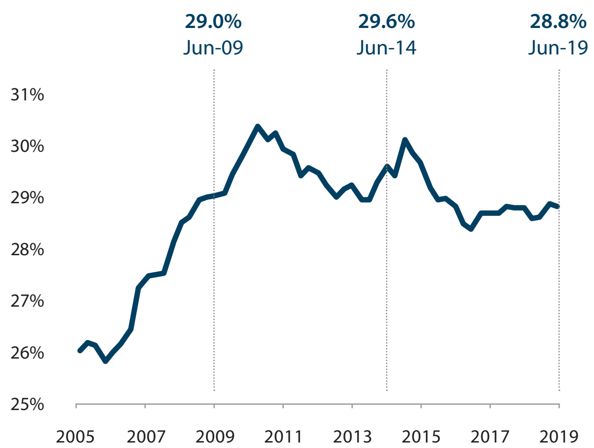
VALUE TO INCOME RATIO

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	6.5	8.7	34.8%	33.9%
Adelaide Hills	6.0	8.0	31.9%	26.1%
Burnside	8.9	11.8	47.1%	28.6%
Campbelltown (SA)	7.6	10.2	40.6%	30.6%
Charles Sturt	7.2	9.7	38.5%	31.1%
Gawler - Two Wells	5.0	6.6	26.3%	25.2%
Holdfast Bay	7.1	9.5	37.7%	27.4%
Marion	6.8	9.1	36.1%	30.7%
Mitcham	6.9	9.3	36.8%	27.9%
Norwood - Payneham - St Peters	8.6	11.5	45.8%	31.4%
Onkaparinga	5.6	7.5	29.8%	29.2%
Playford	4.4	5.9	23.4%	28.8%
Port Adelaide - East	6.6	8.7	34.8%	29.2%
Port Adelaide - West	6.6	8.8	35.2%	32.7%
Prospect - Walkerville	7.4	9.9	39.2%	25.7%
Salisbury	5.1	6.8	26.9%	28.1%
Tea Tree Gully	5.5	7.3	29.2%	26.2%
Unley	8.1	10.8	42.9%	28.3%
West Torrens	7.6	10.1	40.3%	31.4%

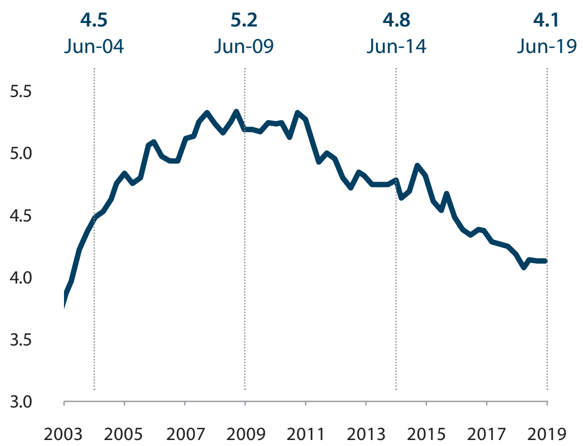
REGIONAL SOUTH AUSTRALIA

Housing affordability has been on an improving trend since 2011 due to relatively soft housing market conditions and rising household incomes.

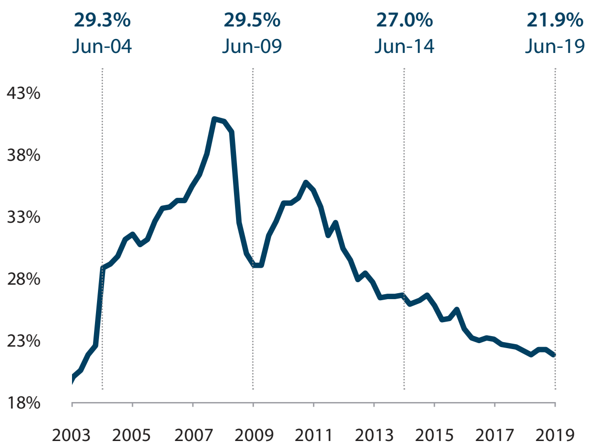
The past decade has seen Regional South Australia's median dwelling value increase by just 0.7% per annum while household incomes have increased at the annual rate of 3.0%. With incomes consistently outpacing housing values, measurements of housing affordability have been consistently improving. The ratio of dwelling values to household incomes, at 4.1, and the proportion of household income required to service a new mortgage at 21.9%, haven't been this low since 2003. Rental affordability has held reasonably firm since 2016, with households dedicating 25.2% of their incomes towards paying rent.

MEDIAN DWELLING VALUE		MEDIAN HOUSEHOLD INCOME	
$ 237,509 June 2019	**$ 221,947** June 2009	**$ 1,106/week** June 2019	**$ 822/week** June 2009
$ 239,375 June 2014	**$ 161,969** June 2004	**$ 962/week** June 2014	**$ 694/week** June 2004

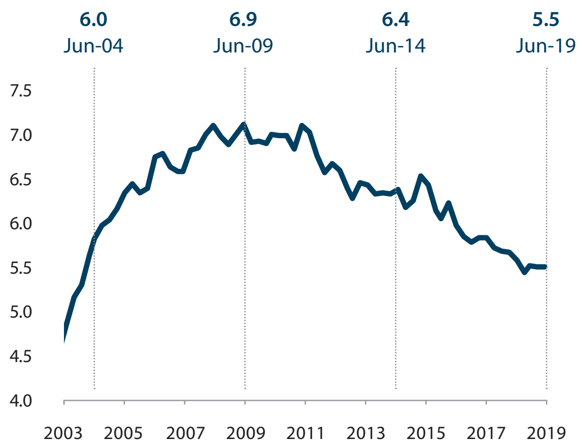
VALUE TO INCOME RATIO



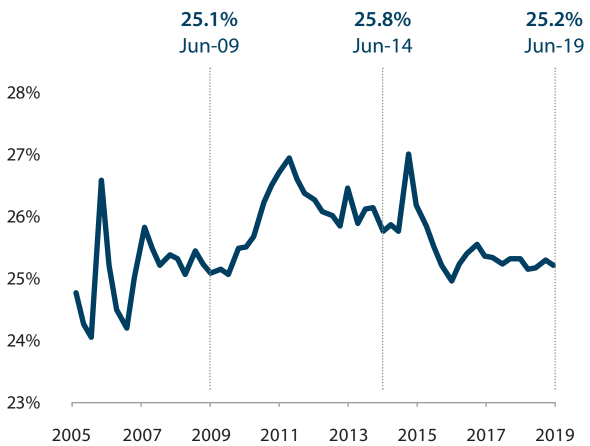
SHARE OF INCOME REQUIRED FOR REPAYMENTS



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	4.6	6.1	24.5%	25.2%
Eyre Peninsula and South West	3.4	4.5	17.8%	21.6%
Fleurieu - Kangaroo Island	7.2	9.6	38.3%	33.3%
Limestone Coast	3.6	4.8	19.0%	23.8%
Lower North	3.8	5.1	20.3%	23.6%
Mid North	2.8	3.7	14.8%	23.1%
Murray and Mallee	3.9	5.2	20.8%	25.9%
Outback - North and East	2.3	3.1	12.3%	21.1%
Yorke Peninsula	4.9	6.6	26.1%	29.0%

PERTH

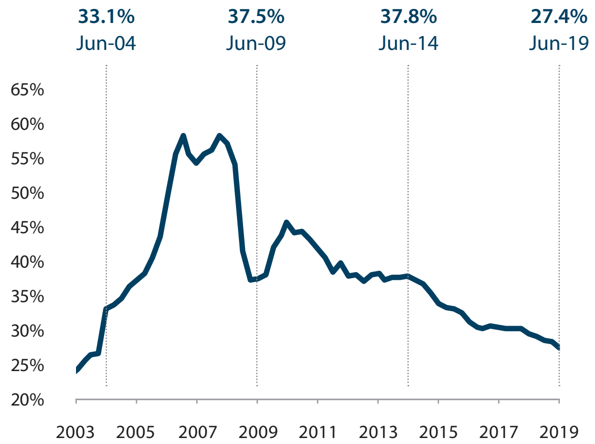
A dramatic improvement in housing affordability as dwelling values continue to work through a long running correction.

In 2006, Perth was Australia's most unaffordable capital city. Dwelling values were 8.3 times higher than household incomes and it was taking households an average of 11 years to save for a 20% deposit. With the median dwelling value falling by around 20% since peaking in 2014 and household incomes continuing to rise, housing affordability has posted a major improvement, with Perth housing now amongst the most affordable across the capital cities. The ratio of dwelling values to household incomes is back to 2004 levels across Perth. Rental affordability has also improved, however the recent trend towards rising rents has seen households dedicating a larger proportion of their incomes towards rental payments in 2019.

MEDIAN DWELLING VALUE		MEDIAN HOUSEHOLD INCOME	
$ 439,732 June 2019	**$ 437,624** June 2009	**$ 1,636/week** June 2019	**$ 1,276/week** June 2009
$ 540,461 June 2014	**$ 248,861** June 2004	**$ 1,552/week** June 2014	**$ 944/week** June 2004

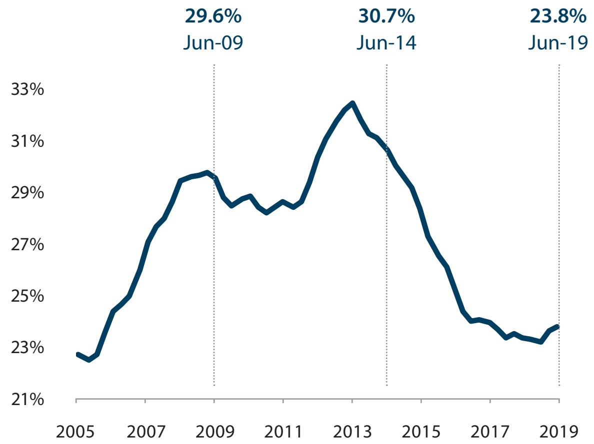
VALUE TO INCOME RATIO

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	5.7	22.6%	22.7%
Bayswater - Bassendean	5.9	7.9	31.6%	24.5%
Belmont - Victoria Park	5.6	7.5	29.9%	24.6%
Canning	6.3	8.4	33.3%	25.8%
Cockburn	5.1	6.8	27.1%	23.4%
Cottesloe - Claremont	11.3	15.0	59.8%	34.5%
Fremantle	7.4	9.9	39.2%	28.1%
Gosnells	4.7	6.2	24.7%	24.1%
Joondalup	5.4	7.2	28.8%	24.0%
Kalamunda	5.5	7.4	29.4%	24.8%
Kwinana	3.7	4.9	19.5%	21.8%
Mandurah	5.7	7.6	30.3%	29.2%
Melville	7.2	9.6	38.3%	27.0%
Mundaring	5.4	7.2	28.7%	26.0%
Perth City	5.5	7.3	29.0%	24.7%
Rockingham	4.4	5.9	23.6%	23.3%
Serpentine - Jarrahdale	4.0	5.4	21.5%	20.5%
South Perth	7.2	9.6	38.3%	25.8%
Stirling	6.2	8.3	33.1%	25.4%
Swan	4.4	5.9	23.4%	22.8%
Wanneroo	4.5	6.0	24.1%	23.0%

REGIONAL WESTERN AUSTRALIA

A subtle rise in housing values over the past year has seen the long running improvement in housing affordability start to reverse across Regional Western Australia.

The median dwelling value across Regional Western Australia was up 1.6% over the twelve months ending June 2019, while household incomes were up a smaller 1.4%. With real estate values rising at a slightly faster pace than household income, housing affordability has worsened slightly over the June quarter. The ratio of dwelling values to household incomes remains low at 4.2; similar to levels recorded in 2005. Rental rates have also shown a larger rise than household incomes over the past twelve months (2.4% v 1.4%) which has seen households needing to dedicate a slightly larger proportion of their incomes towards rental payments.

MEDIAN DWELLING VALUE

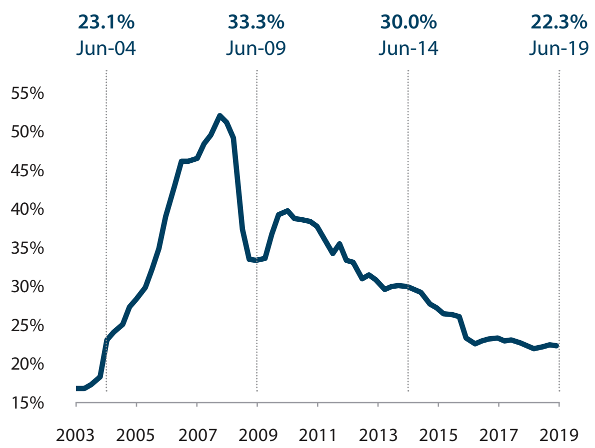
$ 304,192 June 2019	**$ 345,282** June 2009
$ 364,457 June 2014	**$ 162,801** June 2004

MEDIAN HOUSEHOLD INCOME

$ 1,395/week June 2019	**$ 1,132/week** June 2009
$ 1,319/week June 2014	**$ 887/week** June 2004

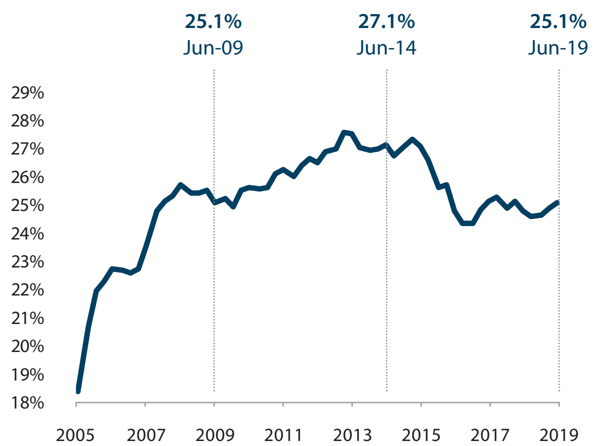
VALUE TO INCOME RATIO

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	5.5	7.3	29.0%	27.9%
Augusta - Margaret River - Busselton	6.8	9.0	36.0%	30.6%
Bunbury	4.8	6.4	25.5%	26.3%
East Pilbara	1.8	2.4	9.4%	19.6%
Esperance	3.6	4.8	19.0%	22.1%
Gascoyne	3.7	4.9	19.6%	30.5%
Goldfields	2.2	3.0	11.9%	18.8%
Kimberley	4.4	5.9	23.5%	34.0%
Manjimup	5.1	6.9	27.3%	26.9%
Mid West	3.4	4.5	18.0%	23.1%
West Pilbara	2.9	3.8	15.2%	23.2%
Wheat Belt - North	3.5	4.7	18.6%	24.5%
Wheat Belt - South	2.3	3.1	12.3%	22.2%

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HOBART

Housing values are continuing to rise faster than household incomes, creating more significant affordability challenges across the city.

Housing affordability has worsened materially as Hobart housing values have surged higher. The past five years has seen a 7.4% annual rise in median dwelling values across Hobart while household incomes have risen at only 3.2% per annum. Similarly, Hobart rents are up 7.0% per annum creating rental affordability headwinds as well. The June 2019 quarter has provided a subtle respite in the upwards trend in the dwelling price to household income ratio as dwelling values slipped slightly lower over the quarter, however Hobart affordability measures remain close to record high levels. The deterioration in rental affordability has been even more dramatic than the ownership measures with Hobart households dedicating a record 33.9% of their income towards paying rent, the highest proportion of any capital city nationally.

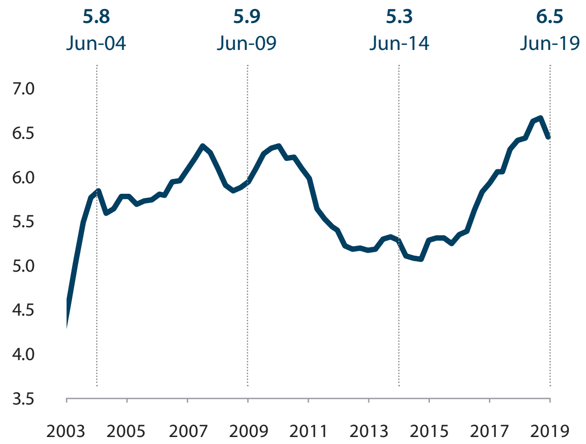
MEDIAN DWELLING VALUE

$ 453,033 June 2019	**$ 305,039** June 2009
$ 316,815 June 2014	**$ 243,967** June 2004

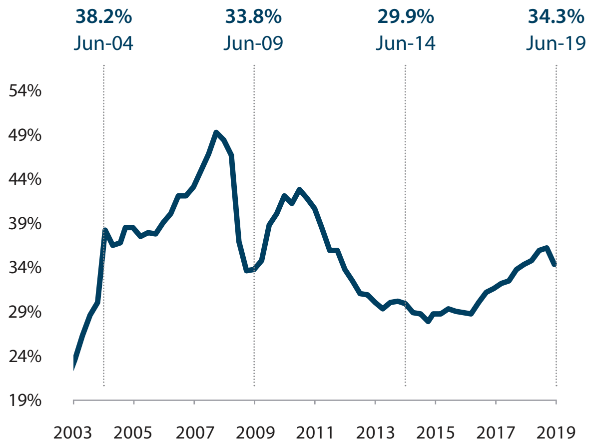
MEDIAN HOUSEHOLD INCOME

$ 1,349/week June 2019	**$ 987/week** June 2009
$ 1,152/week June 2014	**$ 802/week** June 2004

VALUE TO INCOME RATIO

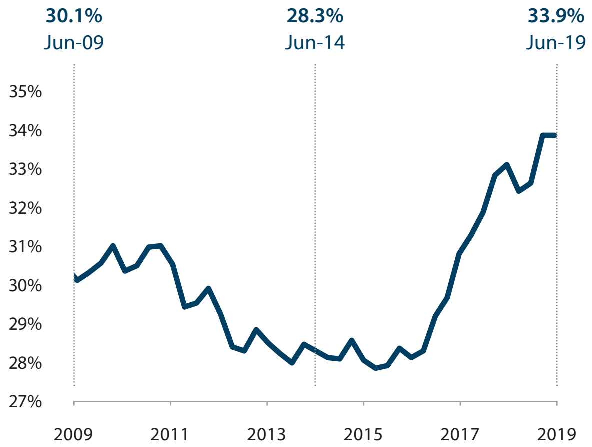


SHARE OF INCOME REQUIRED FOR REPAYMENTS



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	5.2	6.9	27.4%	32.0%
Hobart - North East	6.5	8.7	34.7%	33.6%
Hobart - North West	6.2	8.2	32.8%	38.5%
Hobart - South and West	7.0	9.4	37.4%	31.9%
Hobart Inner	7.6	10.1	40.2%	35.7%
Sorell - Dodges Ferry	5.3	7.1	28.2%	31.9%

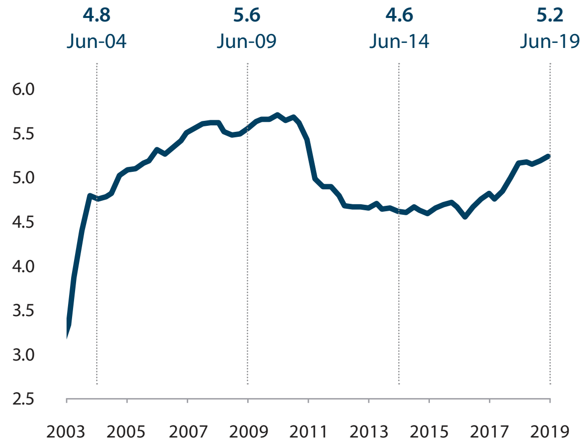
REGIONAL TASMANIA

Each of the four housing affordability measurements have worsened over the year across Regional Tasmania.

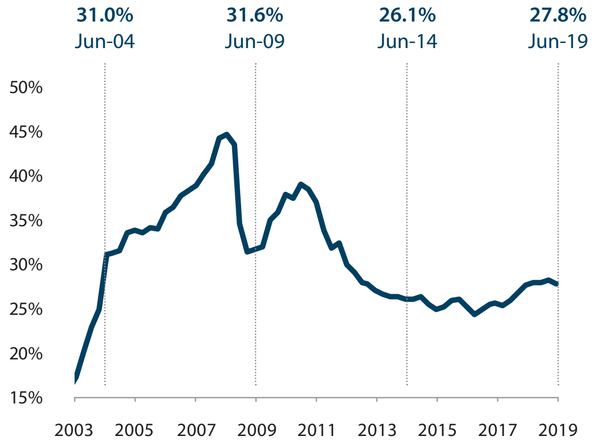
Although the ratio of dwelling values to household incomes has weakened further over the past year, housing remains more affordable relative to the 2006 to 2011 period when the ratio of dwelling values to household incomes held above 5.2. With rental rates continuing to face strong upwards pressure, rental affordability has worsened substantially. Rents were up 9.2% across Regional Tasmania over the past twelve months; substantially more than household incomes, which has caused a significant rise in the proportion of household income dedicated to paying rent.

MEDIAN DWELLING VALUE		MEDIAN HOUSEHOLD INCOME	
$ 294,705 June 2019	**$ 234,953** June 2009	**$ 1,082/week** June 2019	**$ 812/week** June 2009
$ 226,122 June 2014	**$ 166,354** June 2004	**$ 941/week** June 2014	**$ 673/week** June 2004

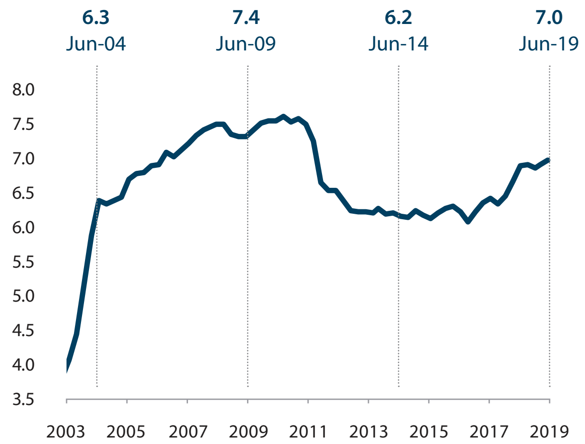
VALUE TO INCOME RATIO



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	4.9	6.6	26.2%	29.0%
Central Highlands (Tas.)	4.2	5.6	22.3%	28.3%
Devonport	5.0	6.7	26.5%	28.1%
Huon - Bruny Island	7.5	10.0	39.8%	32.6%
Launceston	5.3	7.1	28.1%	30.7%
Meander Valley - West Tamar	5.3	7.0	28.0%	32.2%
North East	5.1	6.8	26.9%	29.5%
South East Coast	7.0	9.3	37.0%	34.9%
West Coast	3.8	5.1	20.2%	19.3%

DARWIN

On each of the four measures of housing affordability, Darwin is by far the most affordable region in Australia.

Darwin has always been amongst the most affordable capital cities due to high incomes, however the consistent fall in housing values since 2014 has seen affordability improve even further. The median value of a Darwin dwelling was down around 27% since peaking in 2014. Over the same period Darwin household incomes have risen by 12.4% and rents have fallen by 24%. The result is the most affordable capital city housing market for both owning a home and renting a home. Households only need to save, on average, for 4.5 years to raise a 20% deposit and dwelling values are only 3.4 times higher than the median income.

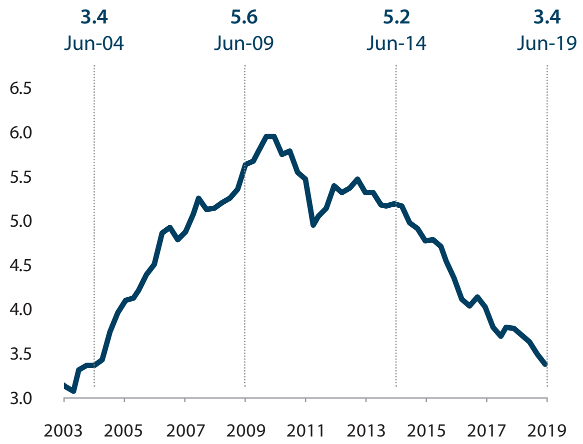
MEDIAN DWELLING VALUE

$ 387,382 June 2019	**$ 438,655** June 2009
$ 525,594 June 2014	**$ 199,126** June 2004

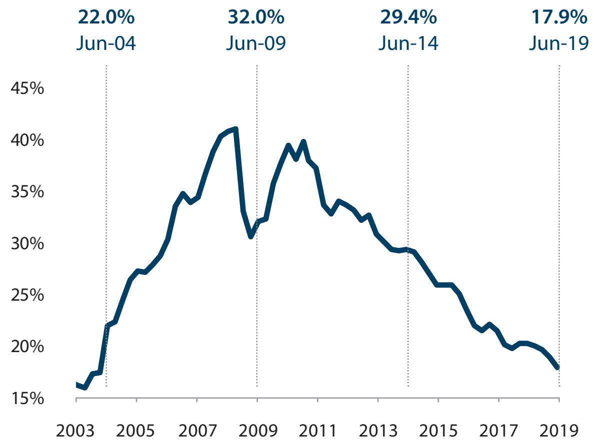
MEDIAN HOUSEHOLD INCOME

$ 2,208/week June 2019	**$ 1,497/week** June 2009
$ 1,944/week June 2014	**$ 1,137/week** June 2004

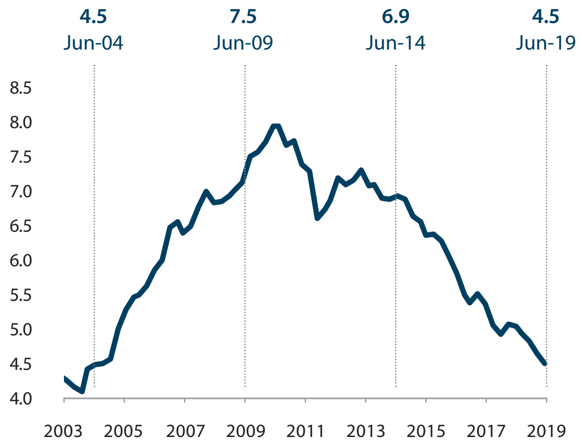
VALUE TO INCOME RATIO



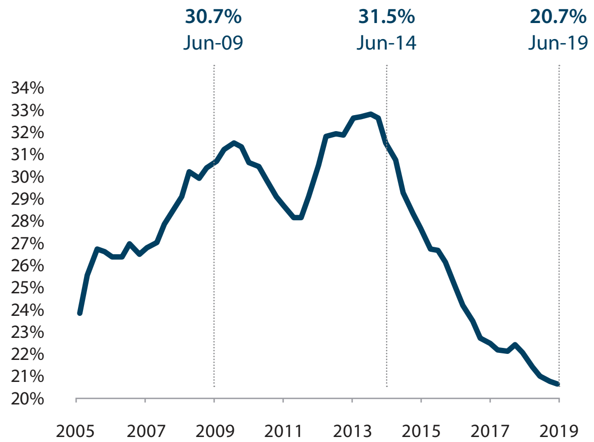
SHARE OF INCOME REQUIRED FOR REPAYMENTS



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	3.1	4.1	16.3%	19.7%
Darwin Suburbs	3.7	4.9	19.5%	21.9%
Litchfield	4.6	6.1	24.3%	22.6%
Palmerston	3.0	4.0	15.9%	20.0%

REGIONAL NORTHERN TERRITORY

Dwelling values are once again rising while household incomes are falling, resulting in a deterioration in housing affordability.

The twelve months to June 2019 saw the median dwelling value lift 4.6% while household incomes dropped 2.4% over the year. Rents also rose over the year, up 2.6%. The rise in housing costs and drop in household incomes has caused each of the housing affordability measurements to weaken over the year. The dwelling value to household income ratio has risen from 4.6 in June 2018 to 5.0 in June 2019 and households with a new mortgage now need to dedicate 26.4% of their income towards servicing a loan compared with 24.8% a year ago. Similarly, households are spending more of their income on rent. A year ago households were dedicating 32.7% of their income to pay the rent, increasing to 34.4% in June 2019.

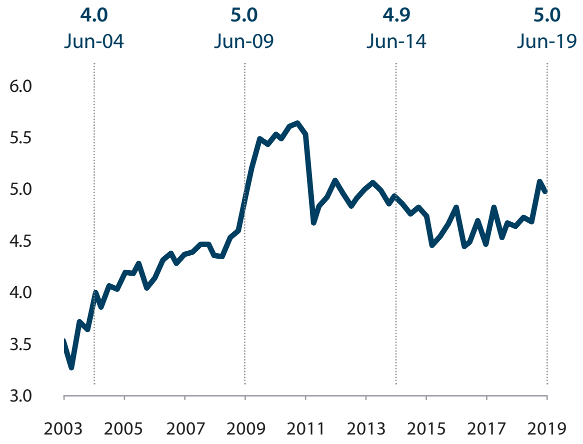
MEDIAN DWELLING VALUE

$ 369,766 June 2019	**$ 322,267** June 2009
$ 371,480 June 2014	**$ 208,755** June 2004

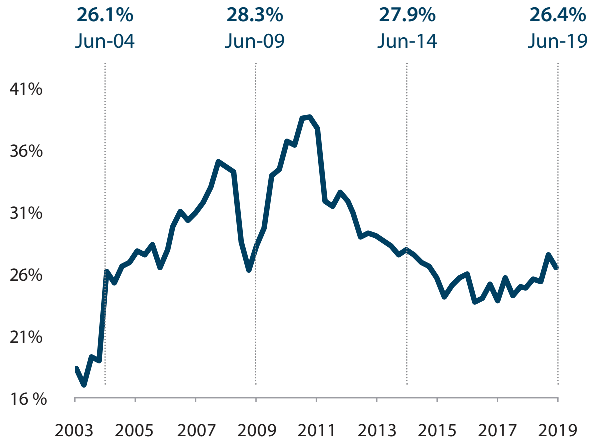
MEDIAN HOUSEHOLD INCOME

$ 1,428/week June 2019	**$ 1,247/week** June 2009
$ 1,446/week June 2014	**$ 1,003/week** June 2004

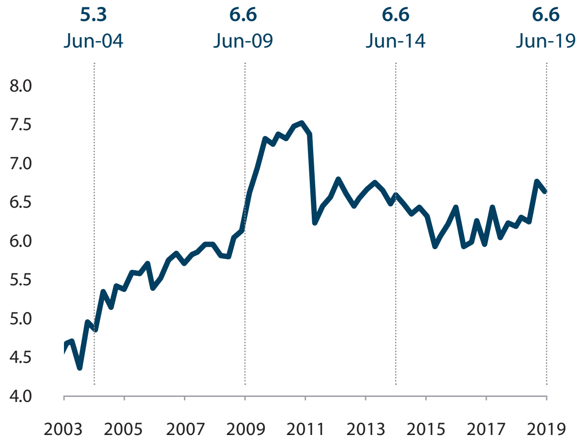
VALUE TO INCOME RATIO



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	25.3%	32.1%
Barkly	3.2	4.2	16.7%	35.8%
Daly - Tiwi - West Arnhem	4.5	6.0	23.9%	33.2%
Katherine	4.1	5.5	22.0%	32.0%

CANBERRA

An improvement in housing affordability as dwelling values slip lower over the year, but rental affordability worsens.

The median value of Canberra dwellings edged lower over the year, down 0.1% while household incomes improved, up 1.8% over the year. The subtle decline in housing values and rise in incomes has supported an improvement in housing affordability. The ratio of dwelling values to household incomes reduced from 5.1 a year ago to 5.0 in June 2019 and the amount of time it takes to save a deposit reduced from 6.8 years to 6.7 years. The median rental rate was up 3.8% over the year to June 2019, causing a further reduction in rental affordability. Households are now dedicating 24.4% of their incomes towards paying rent, up from 24.0% a year ago, but well down on the highs of 2008 when households were dedicating around 27% of their incomes to pay rent.

MEDIAN DWELLING VALUE

$ 585,193
June 2019

$ 442,450
June 2009

$ 648,886
June 2014

$ 334,908
June 2004

MEDIAN HOUSEHOLD INCOME

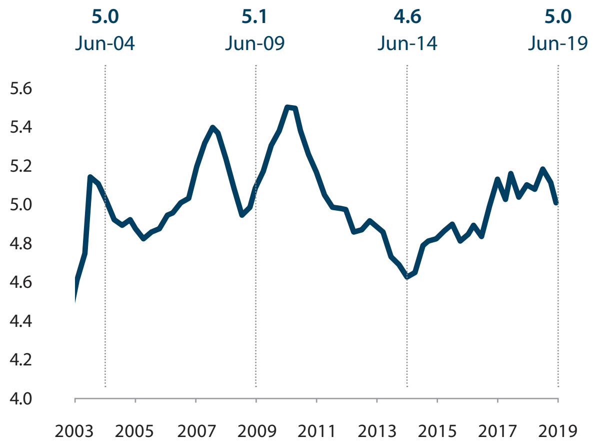
$ 2,247/week
June 2019

$ 1,674/week
June 2009

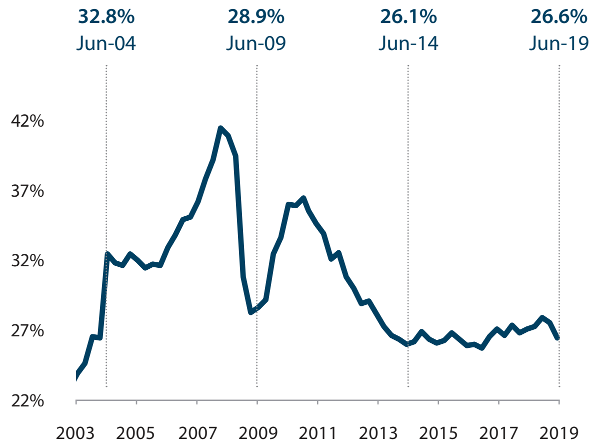
$ 1,603/week
June 2014

$ 1,282/week
June 2004

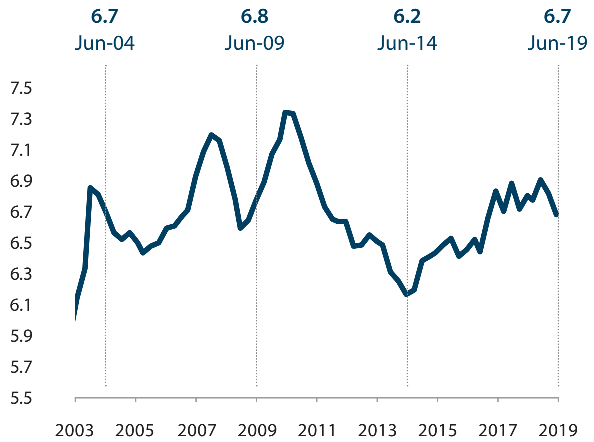
VALUE TO INCOME RATIO



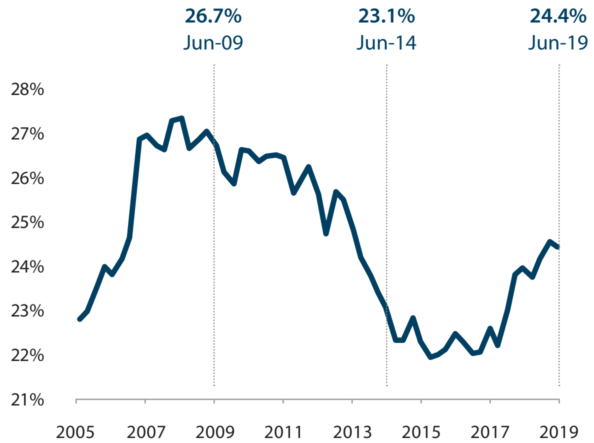
SHARE OF INCOME REQUIRED FOR REPAYMENTS



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	5.2	6.9	27.4%	25.1%
Gungahlin	4.9	6.5	26.0%	24.3%
Molonglo	2.3	3.0	12.1%	13.0%
North Canberra	5.4	7.3	28.9%	27.2%
South Canberra	5.7	7.6	30.1%	25.6%
Tuggeranong	4.8	6.4	25.7%	24.1%
Weston Creek	5.2	6.9	27.4%	23.9%
Woden Valley	6.3	8.4	33.6%	24.4%

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