

New house now 'out of reach'

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It is now official. The cost of entering the housing market in Melbourne as a home buyer is now beyond the reach of the average Australian family.

The latest "housing affordability" survey conducted by the Housing Industry Association and the Commonwealth Bank provides official confirmation of the extent of the housing crisis.

For the first time, the affordability index in Melbourne has fallen below 100, indicating that the average family cannot afford to meet the cost of an average housing loan out of an average pay packet.

The survey uses a repayment level of 30 per cent of gross household income as an indication of affordability.

According to the latest statistics, it is now impossible for the Melbourne family to get a housing loan without over-

reaching the 30 per cent limit. Melbourne now joins Sydney in the housing unattainability category. While Melbourne's housing affordability index is now down to 92.1, Sydney has now reached a new low of 82.8.

Spurred on by the overheated conditions in Sydney and Melbourne, where nearly half Australia's home buyers live, the national home affordability index also fell below 100 for the first time.

According to the Housing Industry Association, this milestone is a graphic indication of the difficulties facing home buyers.

Most banks are reluctant to provide housing finance to applicants when the resultant repayments would exceed 30 per cent of the gross weekly pay packet.

But as the index shows, it is impossible for new home buyers in either Sydney or Melbourne to get the funds necessary to buy a first house without exceeding the 30 per cent mark.

The survey, which examined

movements in home prices, family income and housing interest rates over the December quarter, showed that during the quarter a family required an income of \$44,500 to buy an average priced first home which cost more than \$111,000.

In the December quarter, the loan repayment on the medium priced first home was 39.1 per cent of average household disposable income, compared with 37 per cent in the preceding quarter and 28.4 per cent in the December quarter 1987.

In Melbourne, the median price of a new dwelling was \$142,200, up from \$120,900 the previous quarter.

The median price of an established dwelling was \$118,500, compared with the previous quarter's \$108,400.

The survey noted that there had been major increases over the past year in the median price of all dwellings.

The median price had risen more than 80 per cent in Sydney and more than 30 per cent in Melbourne, Brisbane and Perth.