

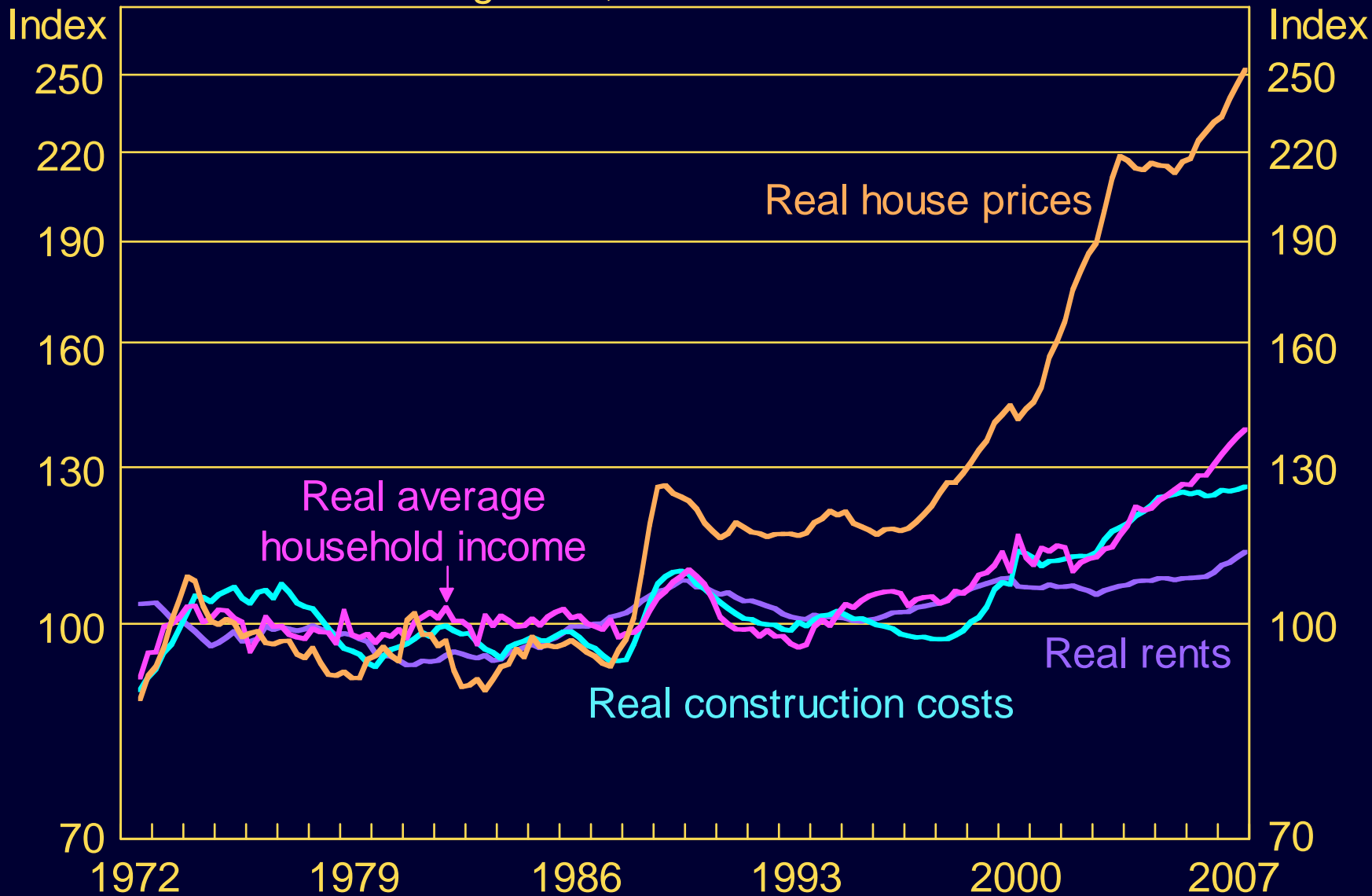
Talk to the Melbourne Institute  
Economic and Social Outlook Conference 2008

**Some Observations on the  
Cost of Housing in Australia**

**Tony Richards  
Reserve Bank of Australia**

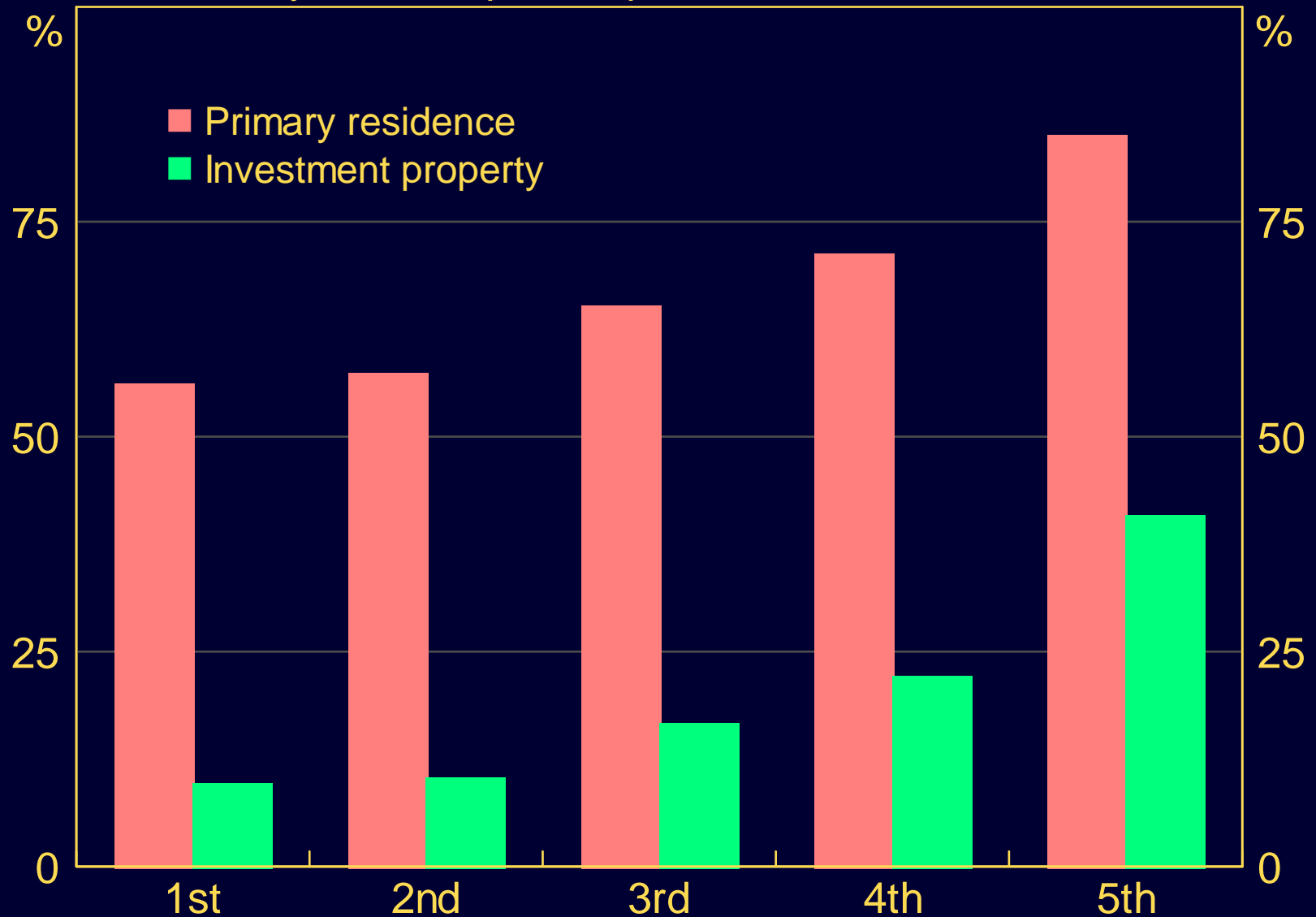
# Real House Prices and Fundamentals

Log scale; 1972-1975 = 100



# Property Ownership Rates

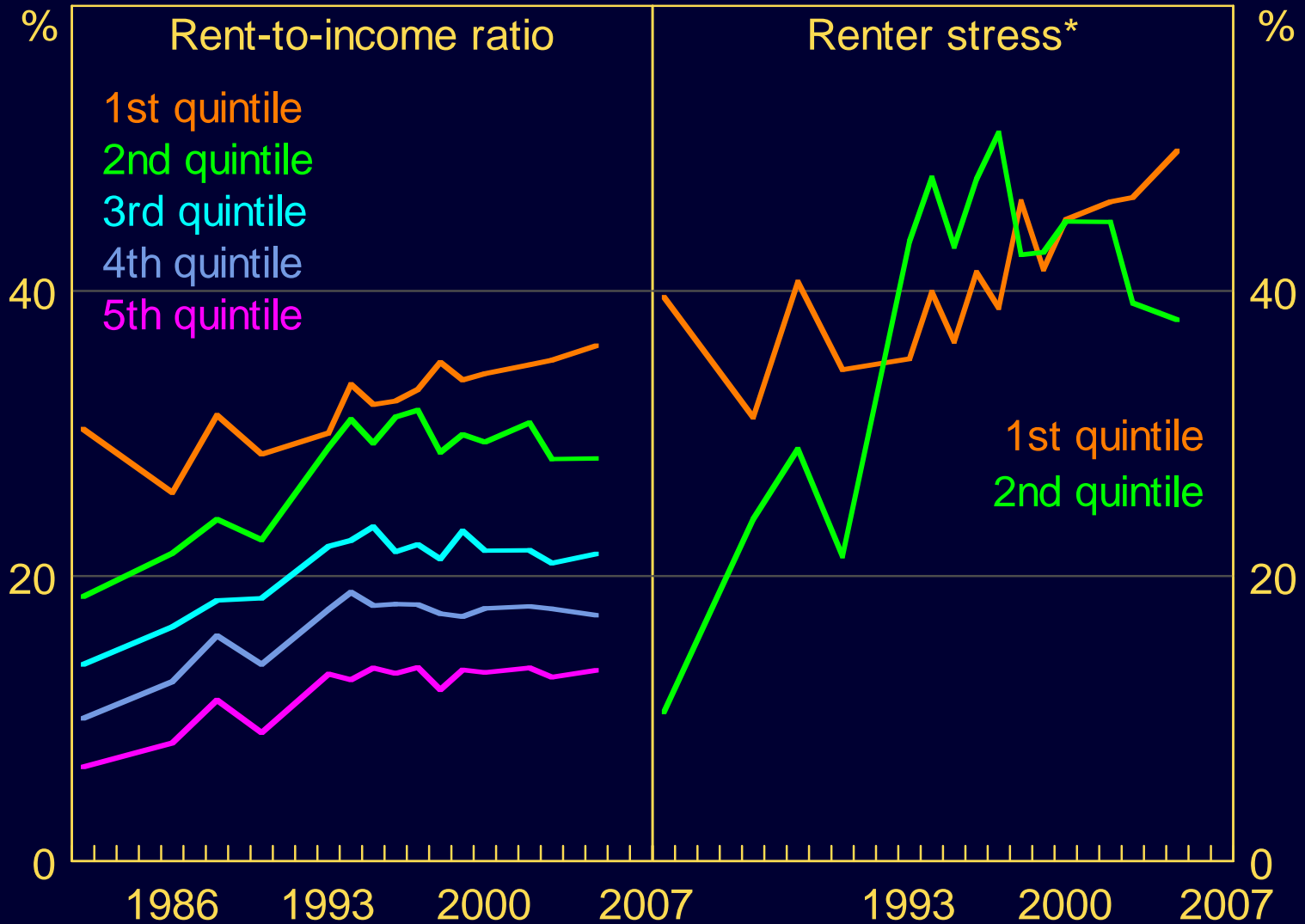
By income quintile; per cent of households



Source: HILDA survey 2006

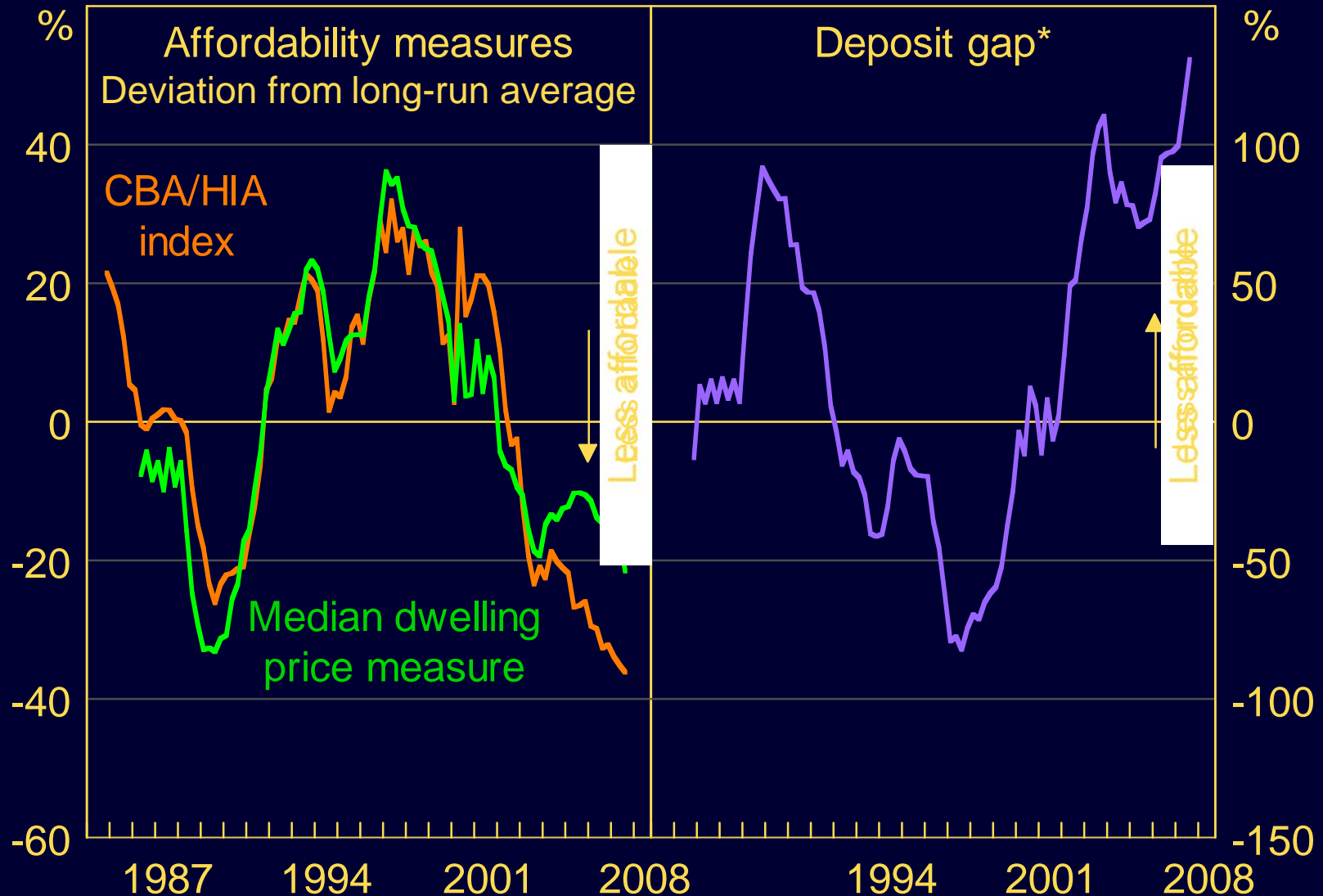
# Rental Affordability

By income quintile



\* Proportion of households whose rental costs are more than 30 per cent of gross income

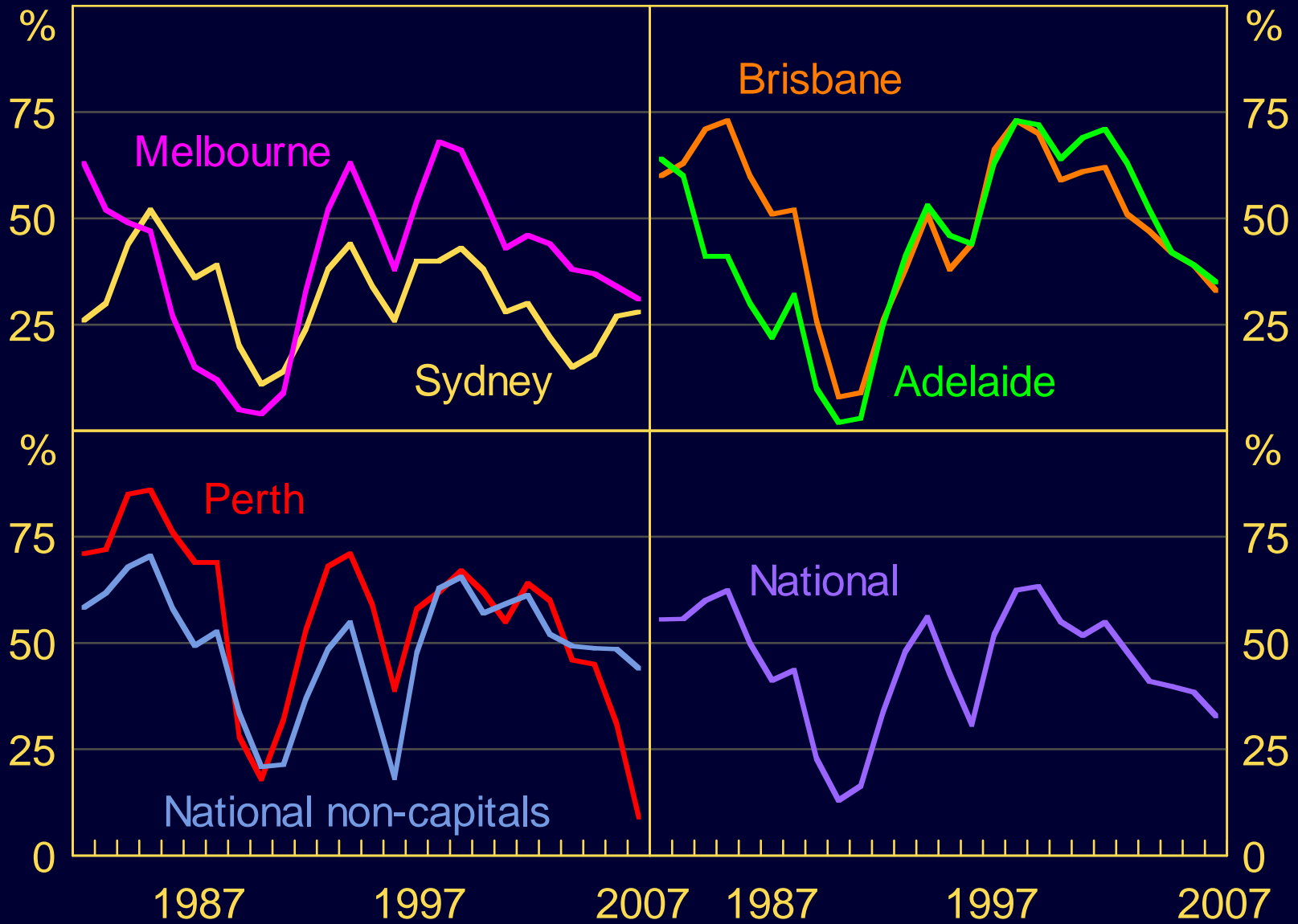
# Housing Affordability



\* Gap between the median dwelling price and average borrowing capacity as a percentage of disposable income

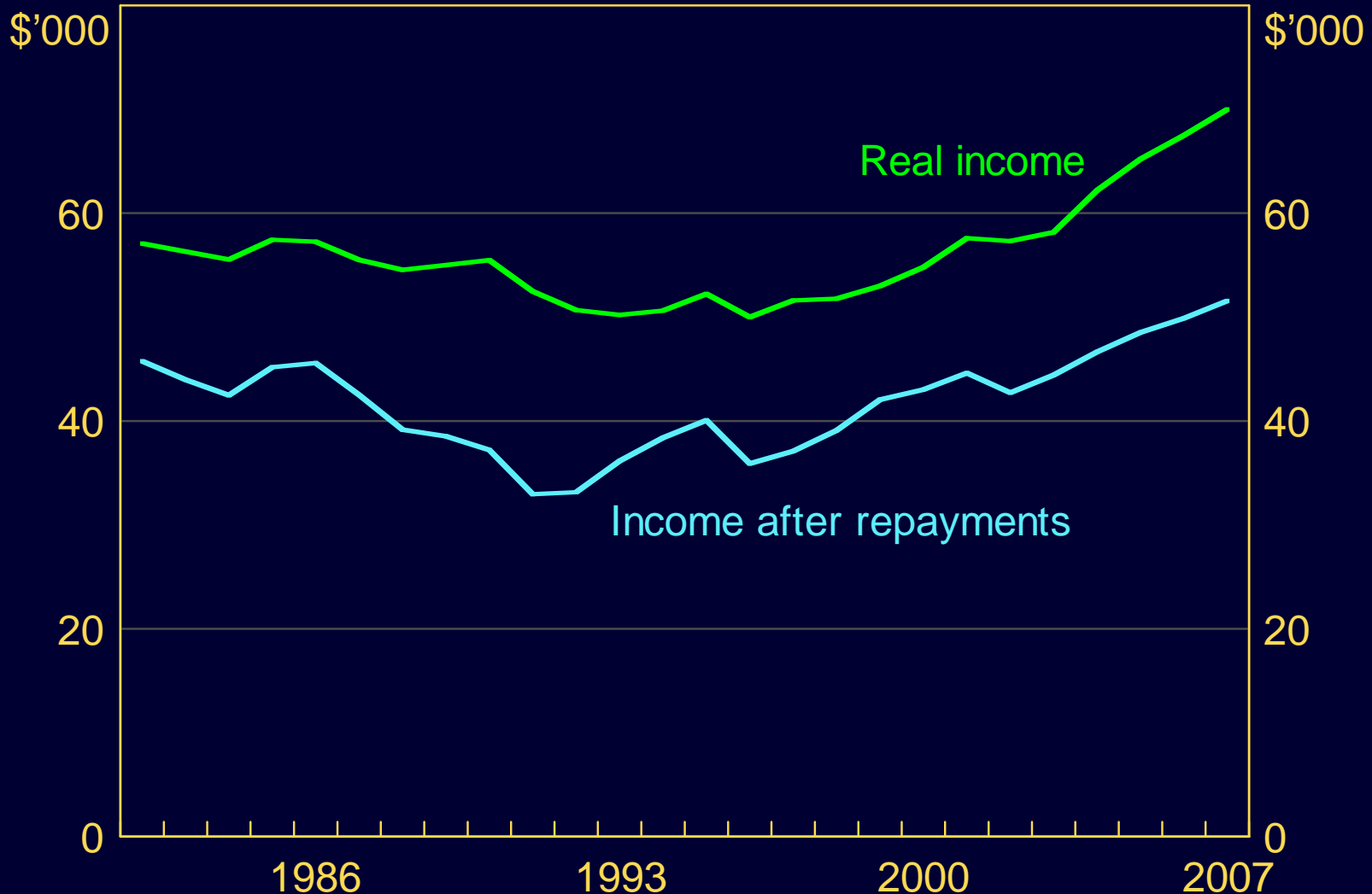
# Measures of Housing Accessibility

Proportion of dwellings affordable for median FHB



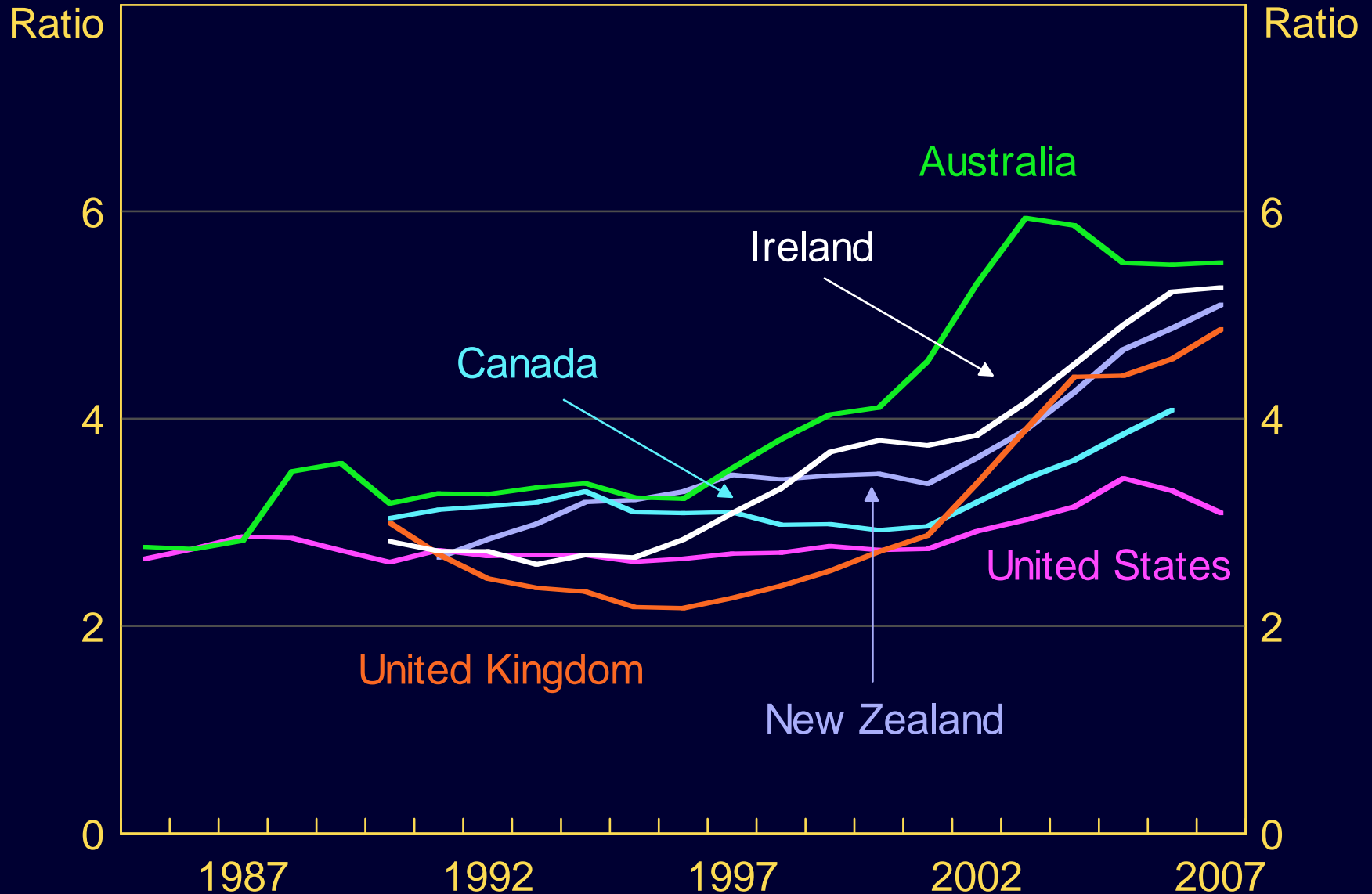
# Real Gross Household Income after Loan Repayments\*

2006/07 dollars



\* Loan repayments based on purchasing the 30th percentile dwelling with a 10 per cent deposit and a 30-year loan term

# House Price to Income Ratios\*



\* Various combinations of median and mean measures of house prices and incomes used depending on availability

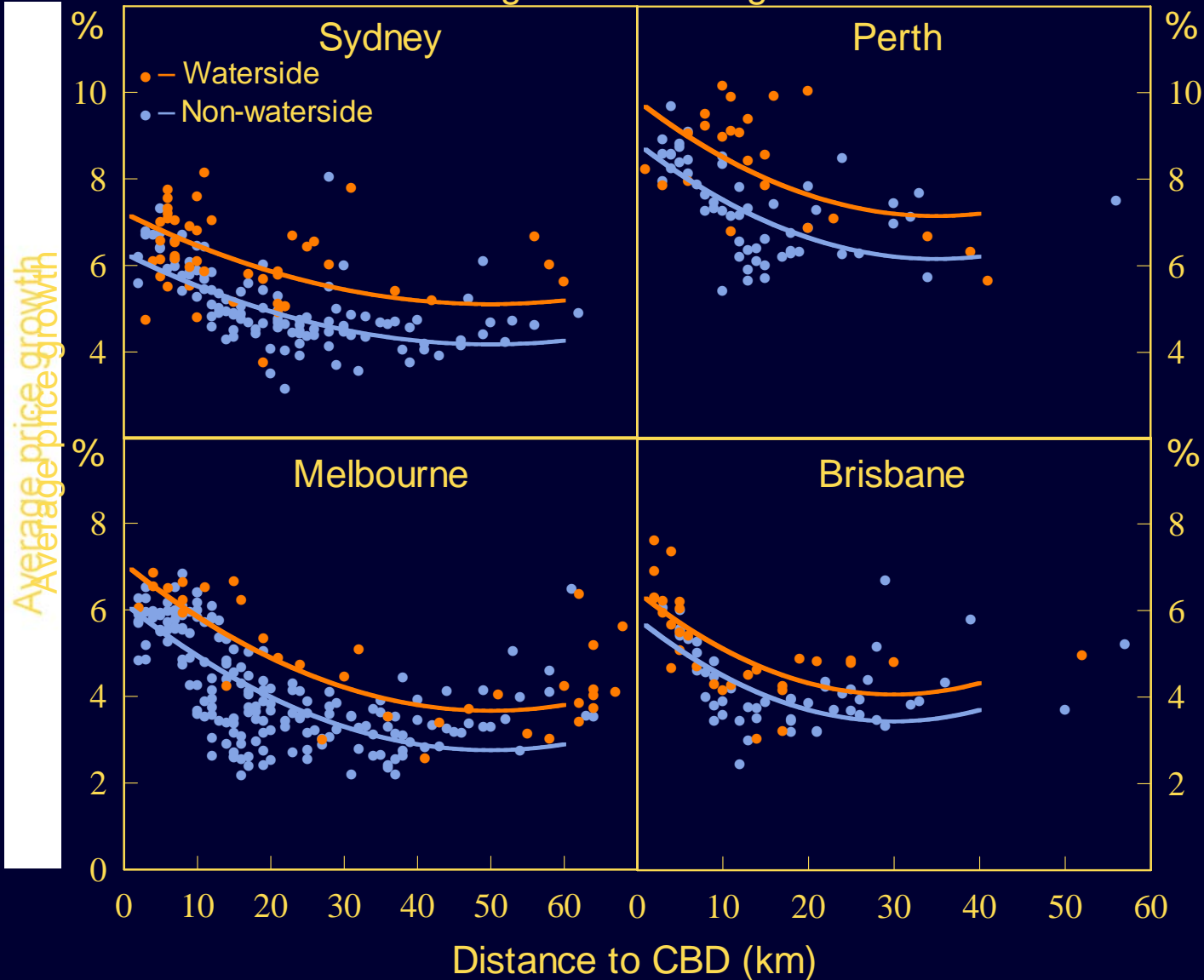
# Determinants of Housing Affordability



\* Ratio of median dwelling price to average household disposable income; disposable income is after tax and before the deduction of interest payments.

# Postcode-Level House Price Growth\*

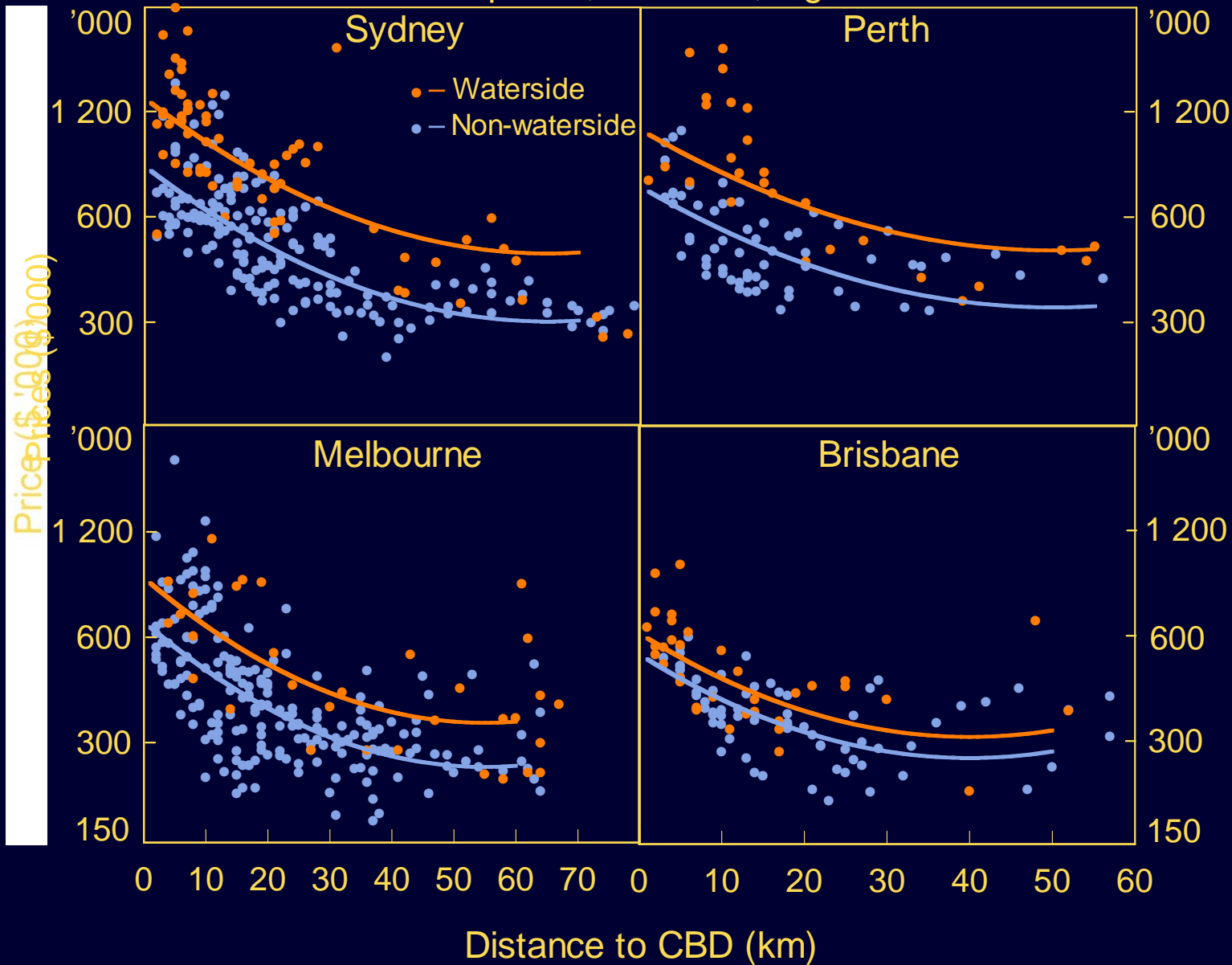
Average annual real growth



\* Data for the following periods: Sydney, 1984/85–2006/07; Melbourne, 1979–2006; Brisbane, 1982/83–2006/07; Perth, 1989/90–2006/07

# Postcode-Level House Prices

Median prices, 2006 -07; log scale



# Vacant Lot Prices



\* Source: APM/HIA

\*\* Average of minimum quotations from informal RBA survey

