

## *Home Affordability and You*

**How do you think Australian cities rate when it comes to home affordability around the world? The answers are in the 3rd Annual Demographia International Housing Affordability Survey 2007. It's just been released, and it makes for fascinating reading.**

The survey looks at the median or middle of the range house price in various places and divides that by the median or middle of the range annual income in those same places. They look at how many years of income is needed to buy that house in each place. In other words if the median house price in a place was \$500,000 and the median salary \$100,000 it would mean 5 years salary would be needed to buy that home. They use this measure as a standard way of looking at how affordable houses really are.

Some 159 urban housing markets were looked at in Australia, Canada, Ireland, New Zealand, the United Kingdom and the United States during the 2006 calendar year.

Of the twenty five most unaffordable markets in the entire survey sample, Sydney ranked 7th worst, Perth ranked 11th, Hobart 20th and Melbourne 23rd. Why Hobart? The average incomes earned there were relatively lower.

If you thought houses in Australia were relatively expensive, and that we had to work hard and long to buy them, you were right!

Out of all of the countries surveyed Australia did not fare well. We were found to be the least affordable country of all to buy a home in.

The survey showed that nationally on average it took us 6.6 year's salary to buy that median or middle of the price range home. This was more than double what the report considered the "affordable" standard of 3 times the salary. The average for New Zealand was just a little better at 6 times while our friends in Canada had the most affordable real estate with 3 times annual salary needed to make their purchase.

No doubt you've also heard a lot about what the resources boom has done to house prices in the West. According to the survey, the cost, including mortgage interest of the median or middle priced house in Perth has risen more than \$575,000 compared to the same figure in 1996. This is equal to 11 years of gross income for the median income household.

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So, given we love where we live, it's even more important to make sure you get the very best information and help when it comes to your mortgage and buying your home. That's where we come in, remember as your mortgage broker we're just a telephone call away.

For further information, please don't hesitate to call AlphaLoan today so we can match your needs against 100's of home loans from our panel of lenders, including all the major banks and many more!

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