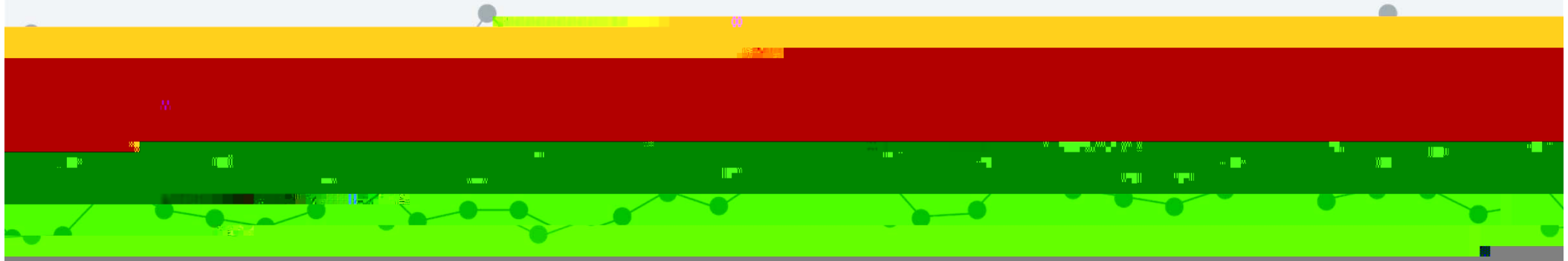


Australian Dwelling Prices and Tobin's q

Presentation to UNSW Business School Real Estate
Symposium

September 2016





United States

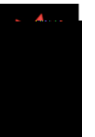
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1 %



• $\frac{1}{2} \frac{d}{dt} \int_{\Omega} \rho^2 dx + \int_{\Omega} \rho \frac{d\rho}{dt} dx = \int_{\Omega} \rho \frac{d\rho}{dt} dx$

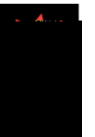








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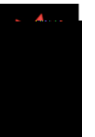



Reasons why house prices have surged.

- Lower interest rates and improved affordability
- Population growth
- Foreign demand
- Slow supply side response of construction sector



1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 36 37 38 39 40 41 42 43 44 45 46 47 48 49 50 51 52 53 54 55 56 57 58 59 60 61 62 63 64 65 66 67 68 69 70 71 72 73 74 75 76 77 78 79 80 81 82 83 84 85 86 87 88 89 90 91 92 93 94 95 96 97 98 99 100




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- Low mortgage rates, foreign demand and a slow supply-side response all have supported higher dwelling prices in some Australian cities in recent years
 - Some of those supports have weakened:
 - prices/valuations are higher
 - The under-supply of dwellings – particularly units/apartments - has closed and some some postcodes are already in over-supply. Peak supply still 12-24 months away.
 - At the same time, mortgage lending standards have tightened.

NAB's view on housing

- Our expectation is that the housing market will cool appreciably
- National house price growth of 0.5% is expected in 2017.
- Unit prices are expected to decline by nearly 2% over 2017 – more where over-supply is acute.
- We continue to hold the view that residential property prices are unlikely to experience a severe 'correction' without a trigger from a shock.





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