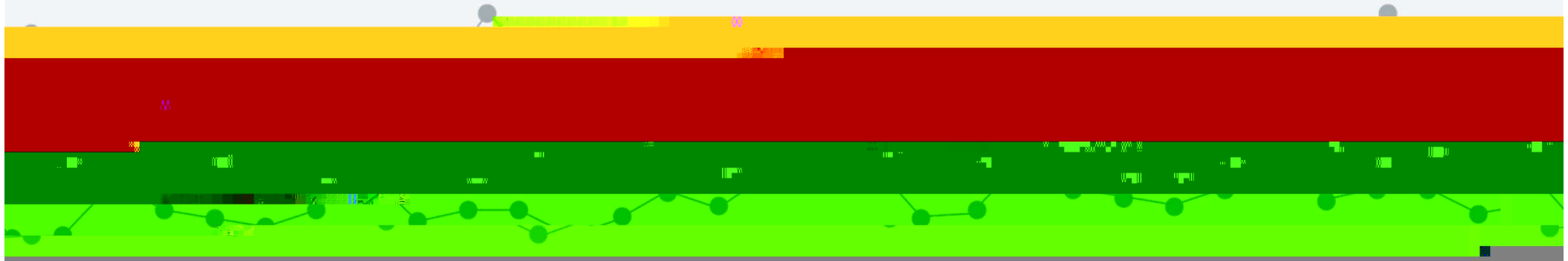


Australian Dwelling Prices and Tobin's q

Presentation to UNSW Business School Real Estate Symposium

September 2016





United States

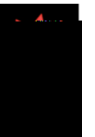
-



1 %



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





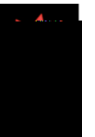


1. $\frac{1}{x^2} = x^{-2}$





Australia -





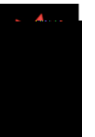



Reasons why house prices have surged.

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



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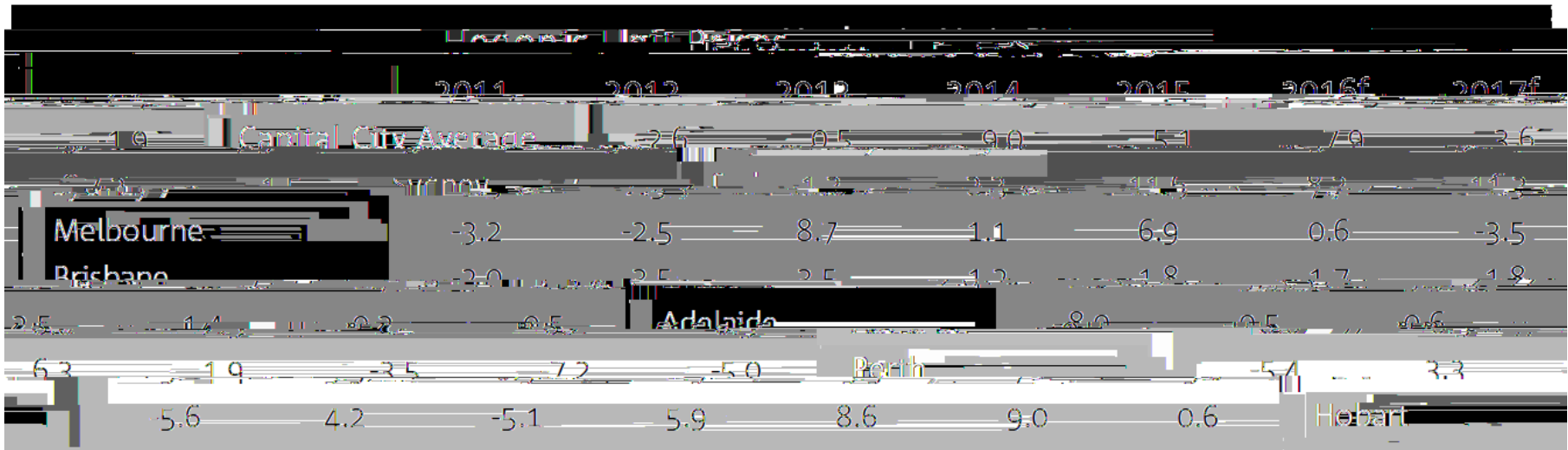
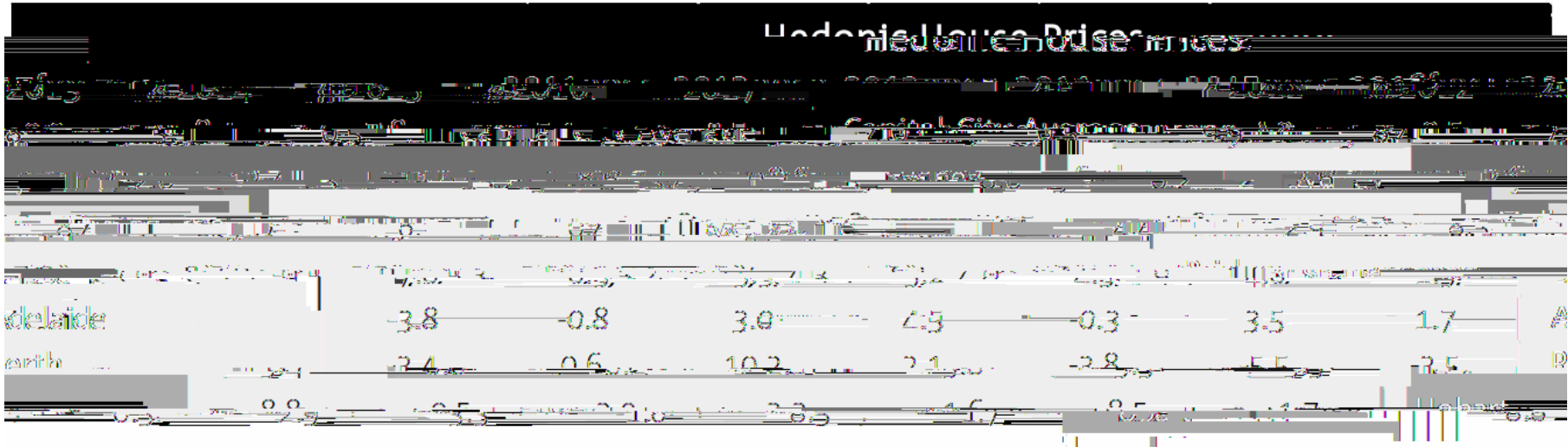
- 
- Low mortgage rates, foreign demand and a slow supply-side response all have supported higher dwelling prices in some Australian cities in recent years
 - Some of those supports have weakened:
 - prices/valuations are higher
 - The under-supply of dwellings – particularly units/apartments - has closed 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.



1.0% → 1.1%





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