

# *Unjustifiable and Unsustainable*

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*Stephen Toplis – Head of Research*

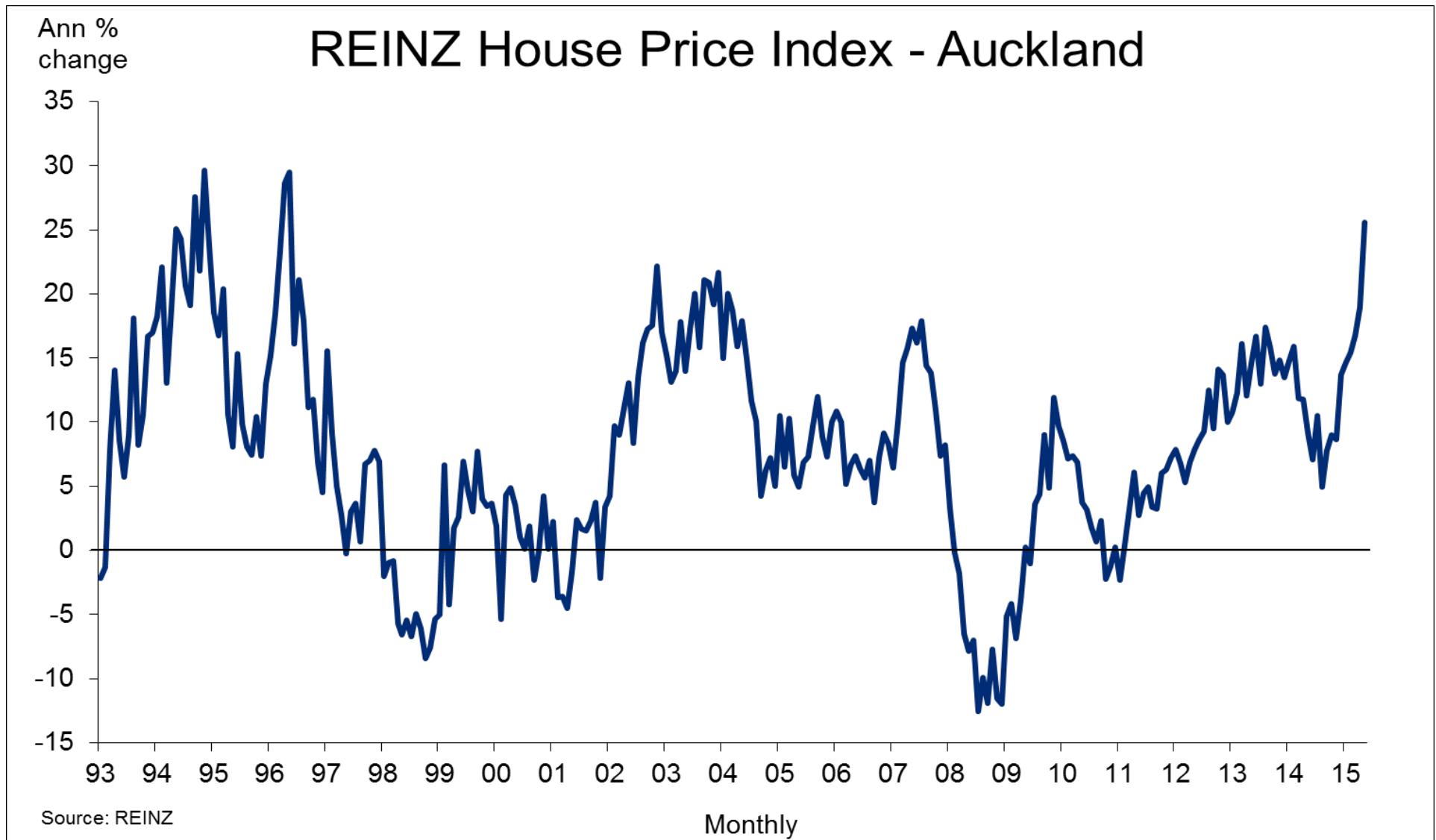
*June 2015*

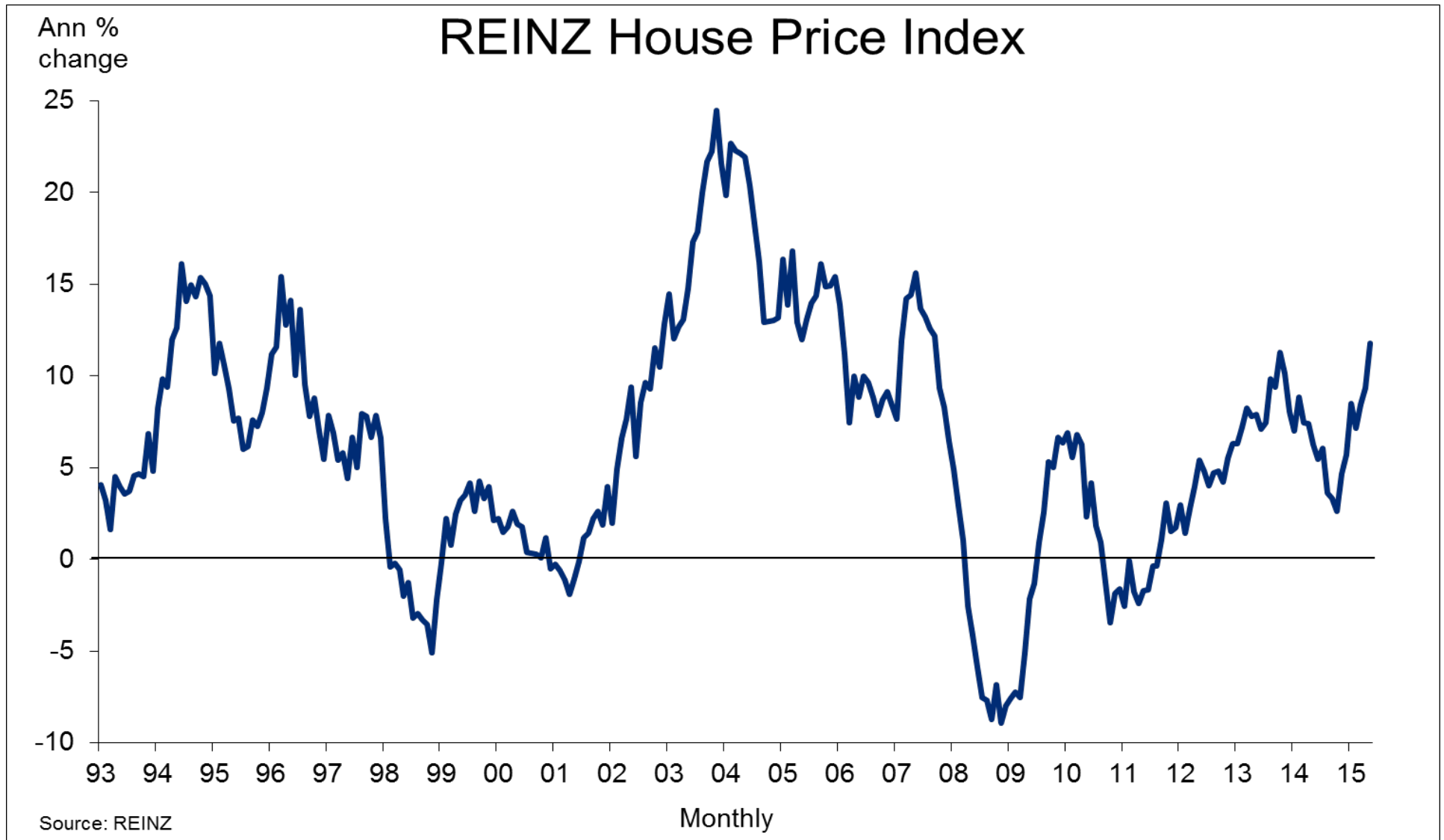
## *Unjustifiable and Unsustainable*

- *The New Zealand Housing Market?*
- *The Exchange Rate?*

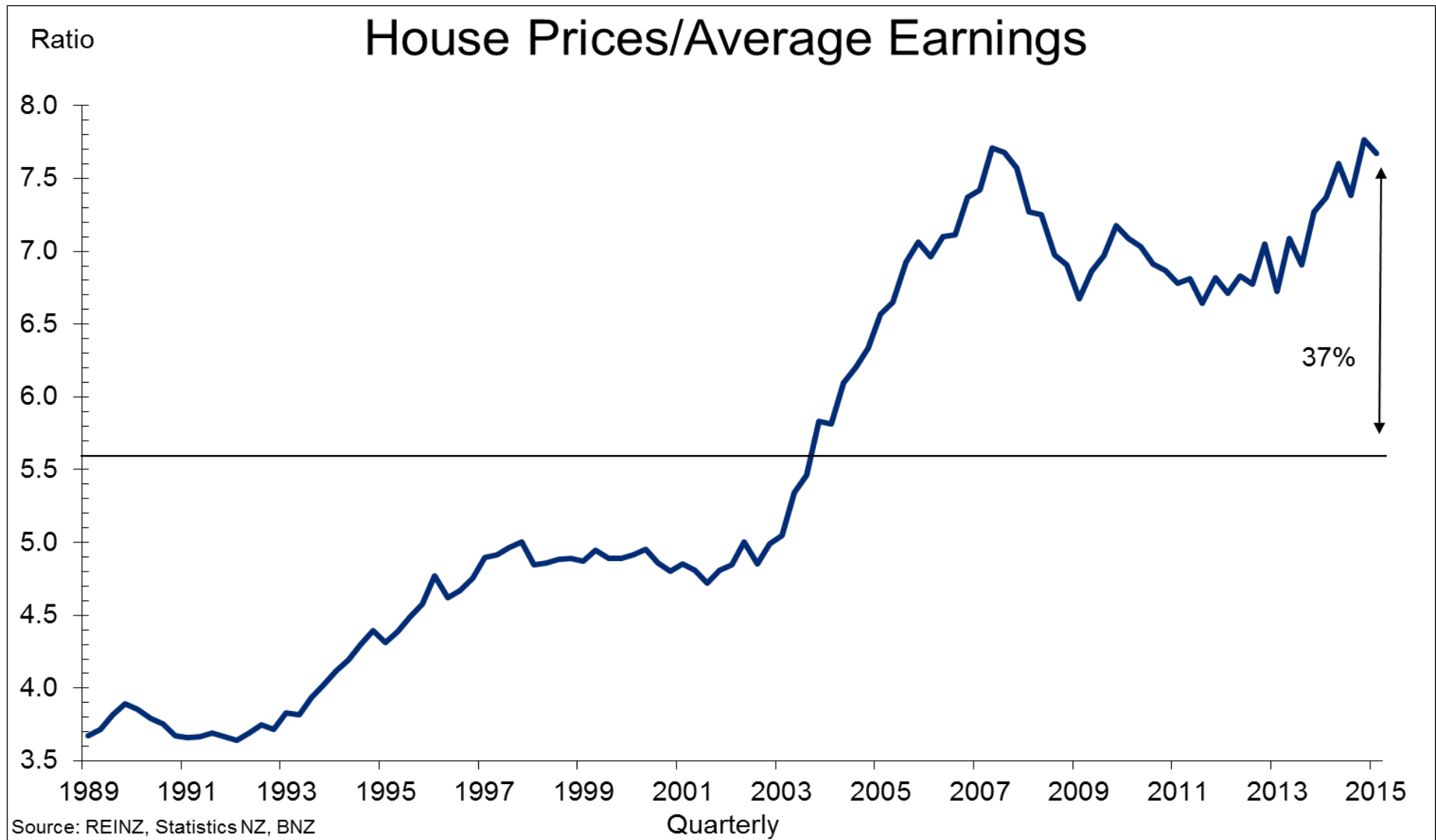
*(Or should that just be unsustainable?)*

# Housing Market Going Nuts In Auckland





# Overvaluation Looks Significant



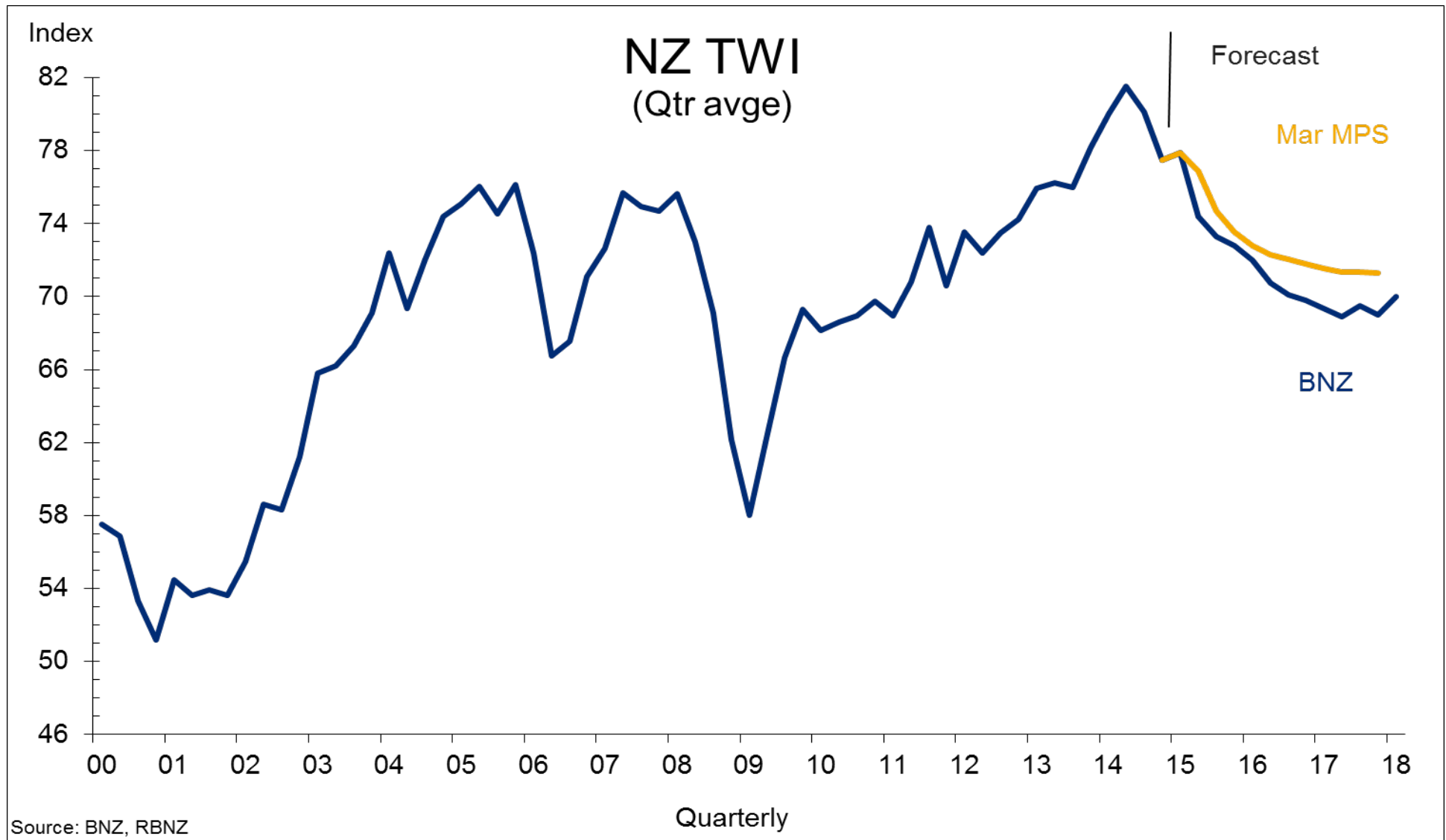
## ***Leaving it to Macro Pru***

***From 1 October 2015, macroprudential policy measures will include\*:***

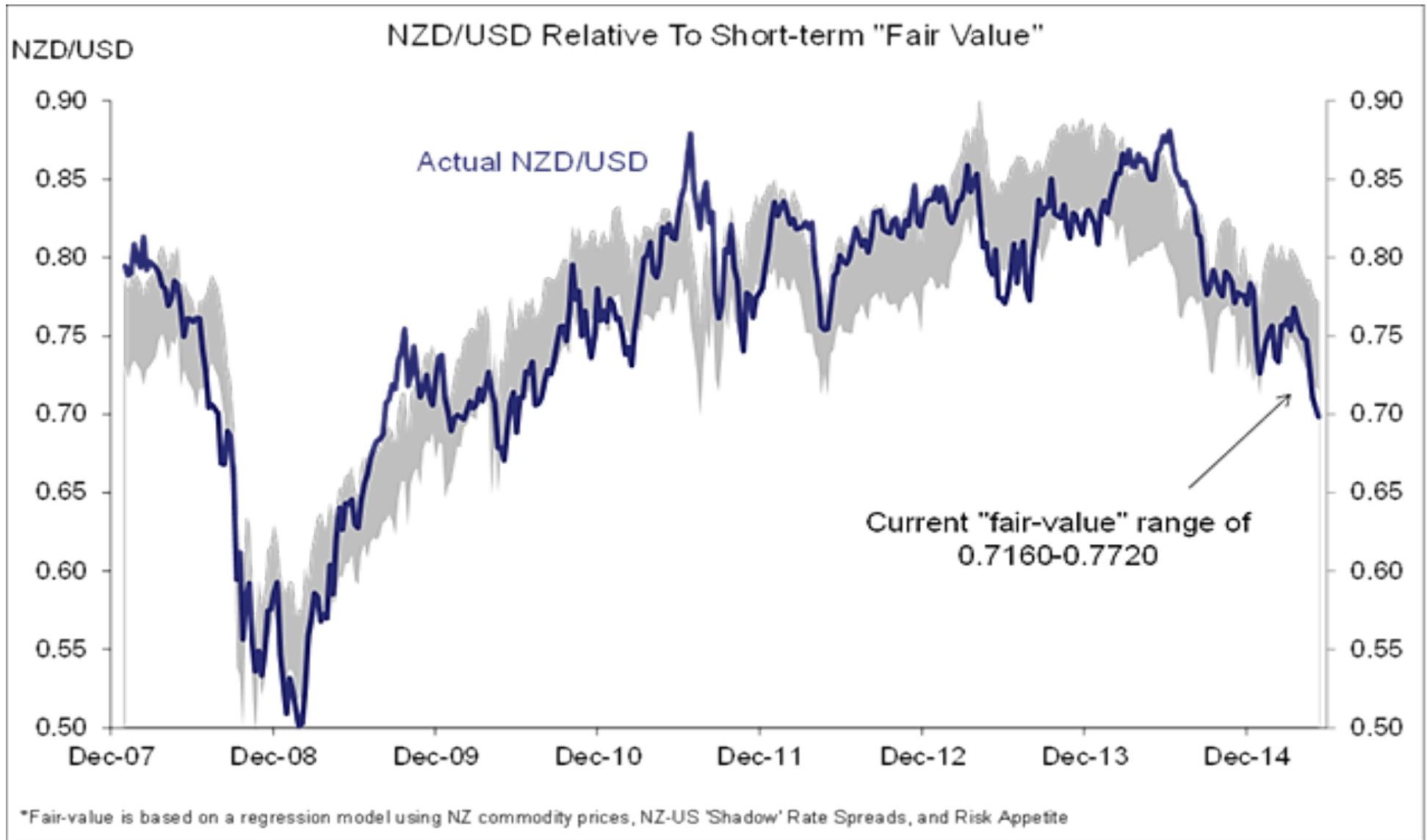
- 1) A 10% speed limit for loans to owner-occupiers in Auckland at LVRs of greater than 80%. (RBNZ)***
- 2) Increase the existing speed limit for high LVR borrowing outside of Auckland from 10 to 15%, to reflect the more subdued housing market conditions outside of Auckland. (RBNZ)***
- 3) Require residential property investors in the Auckland Council area using bank loans to have a deposit of at least 30%. (RBNZ)***
- 4) Capital gains on residential properties bought and sold within two years will be taxed, no matter whether the owner intended to make a capital gain or not (Government)***
- 5) Offshore purchasers required to provide a NZ IRD number***

***\*subject to changes during consultation phase***

# NZD The Real Target

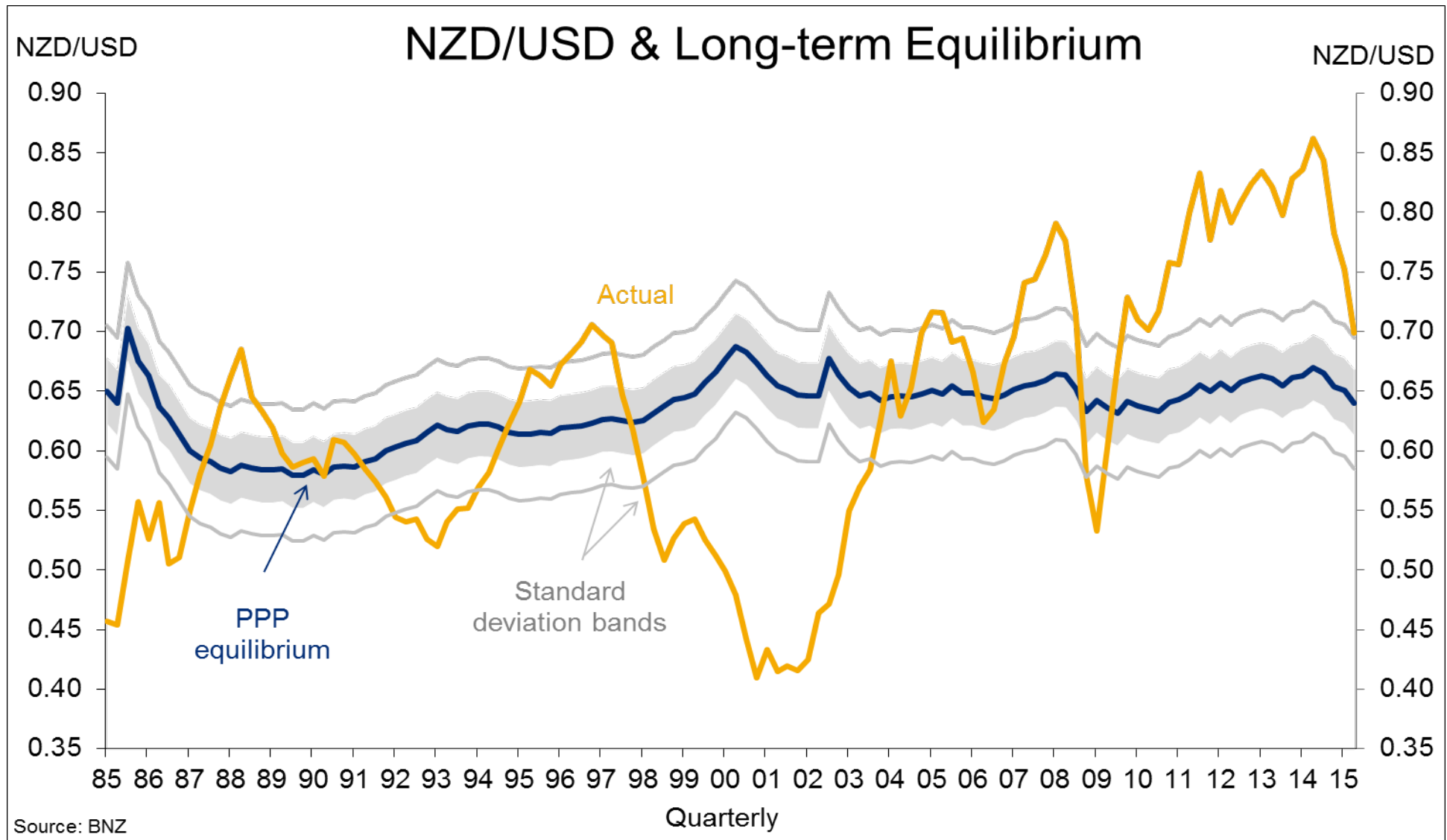


# Unjustified?

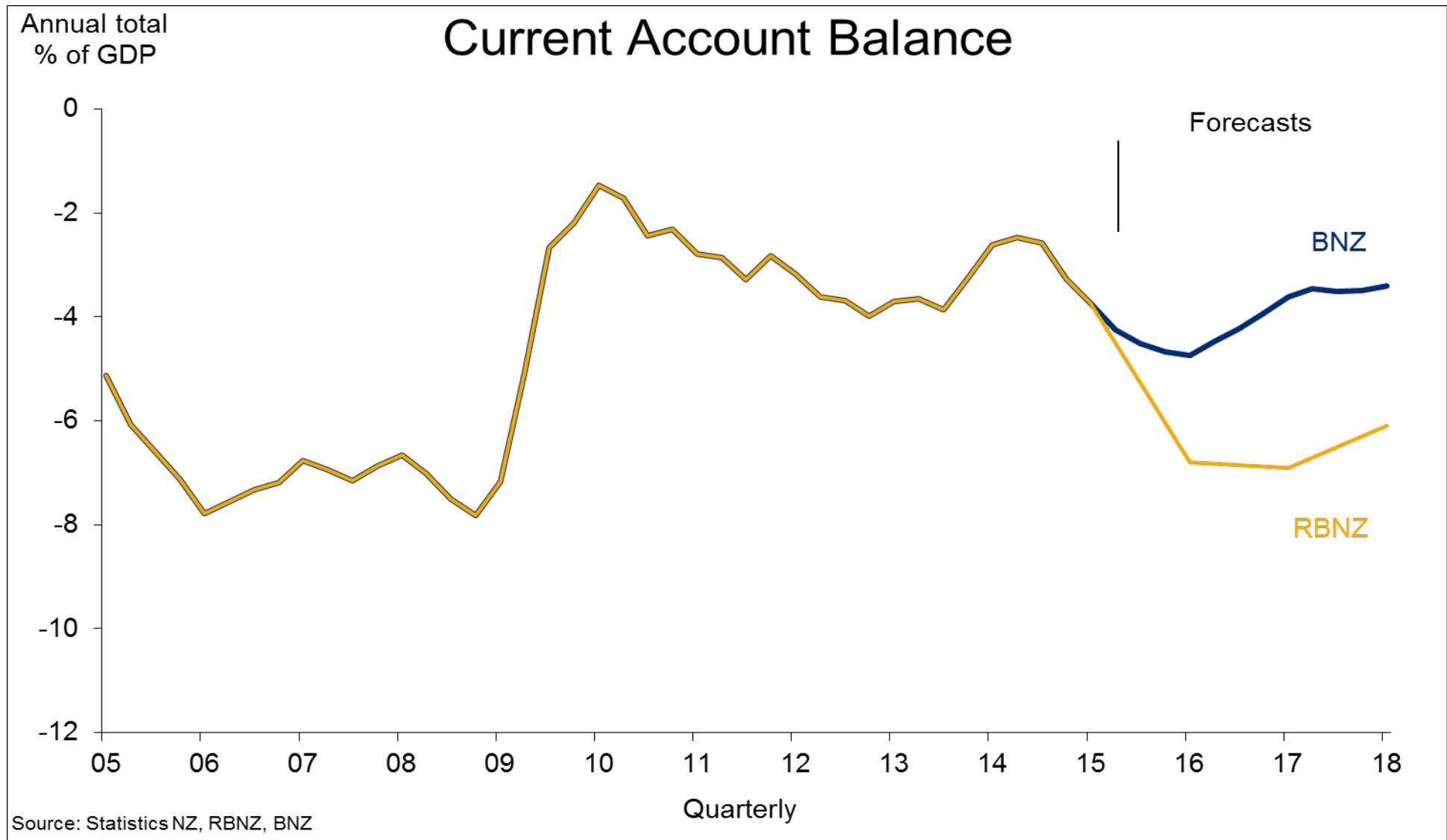




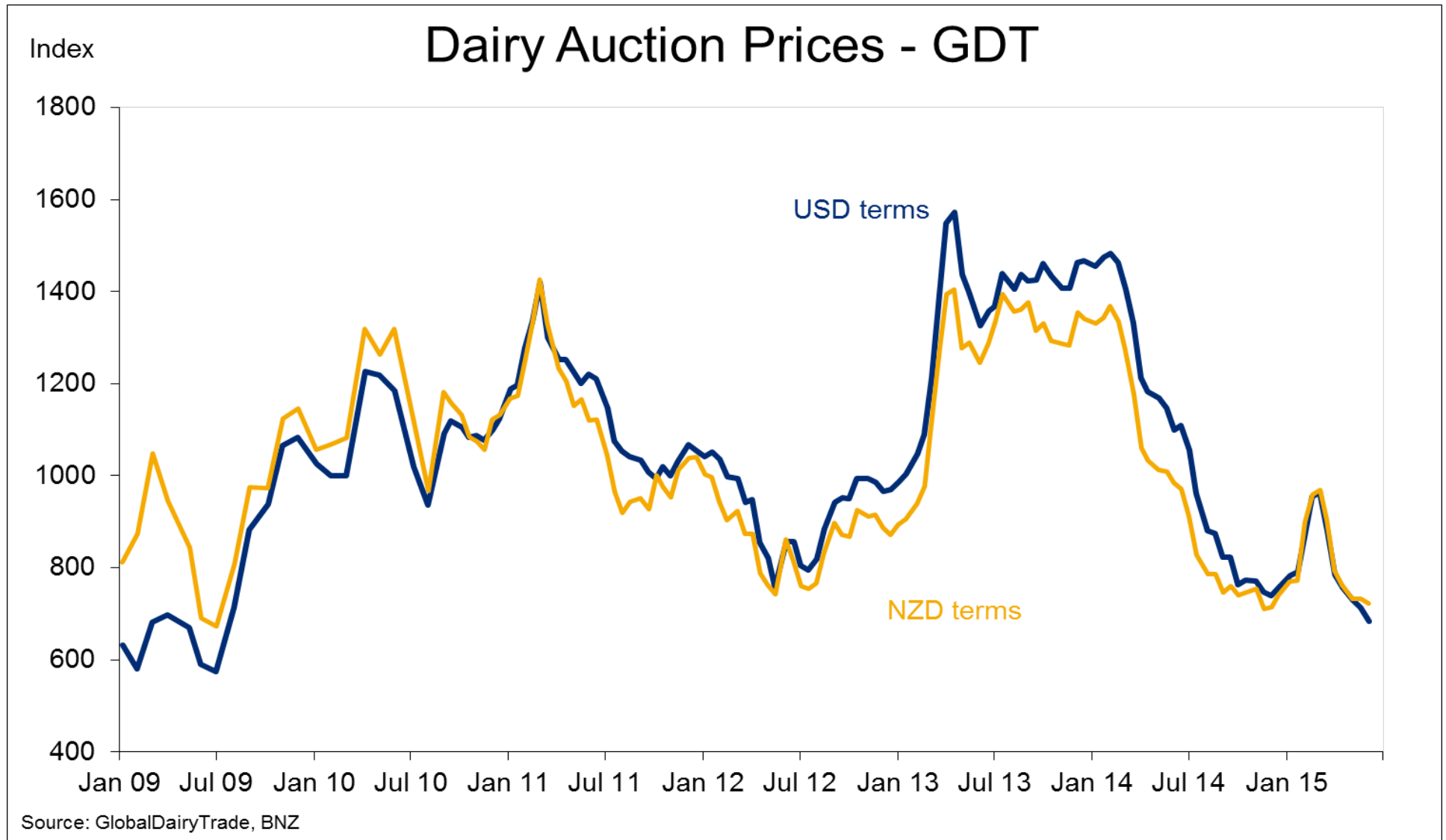
# Unsustainable?



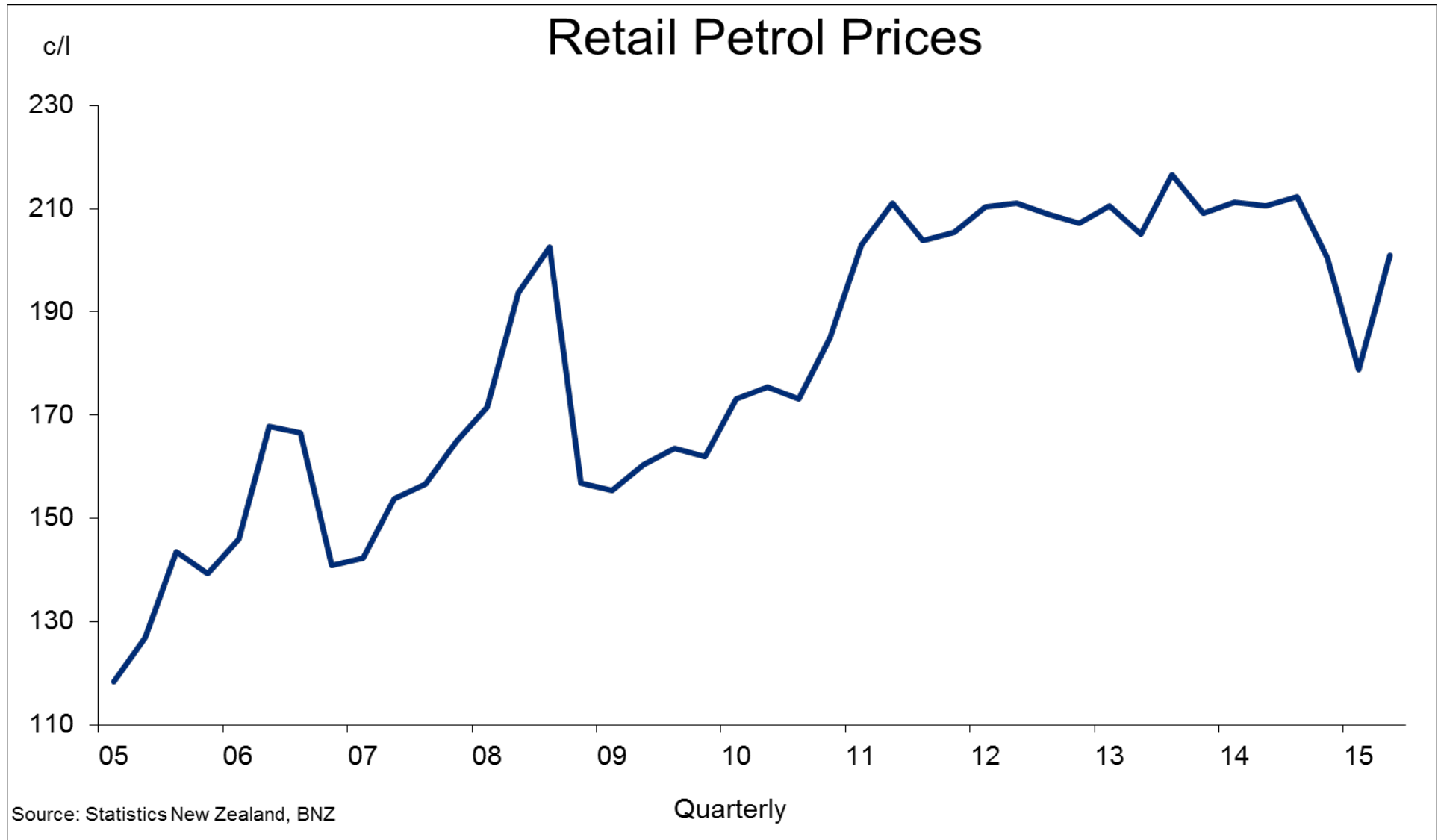
# Why the RBNZ Has Panicked



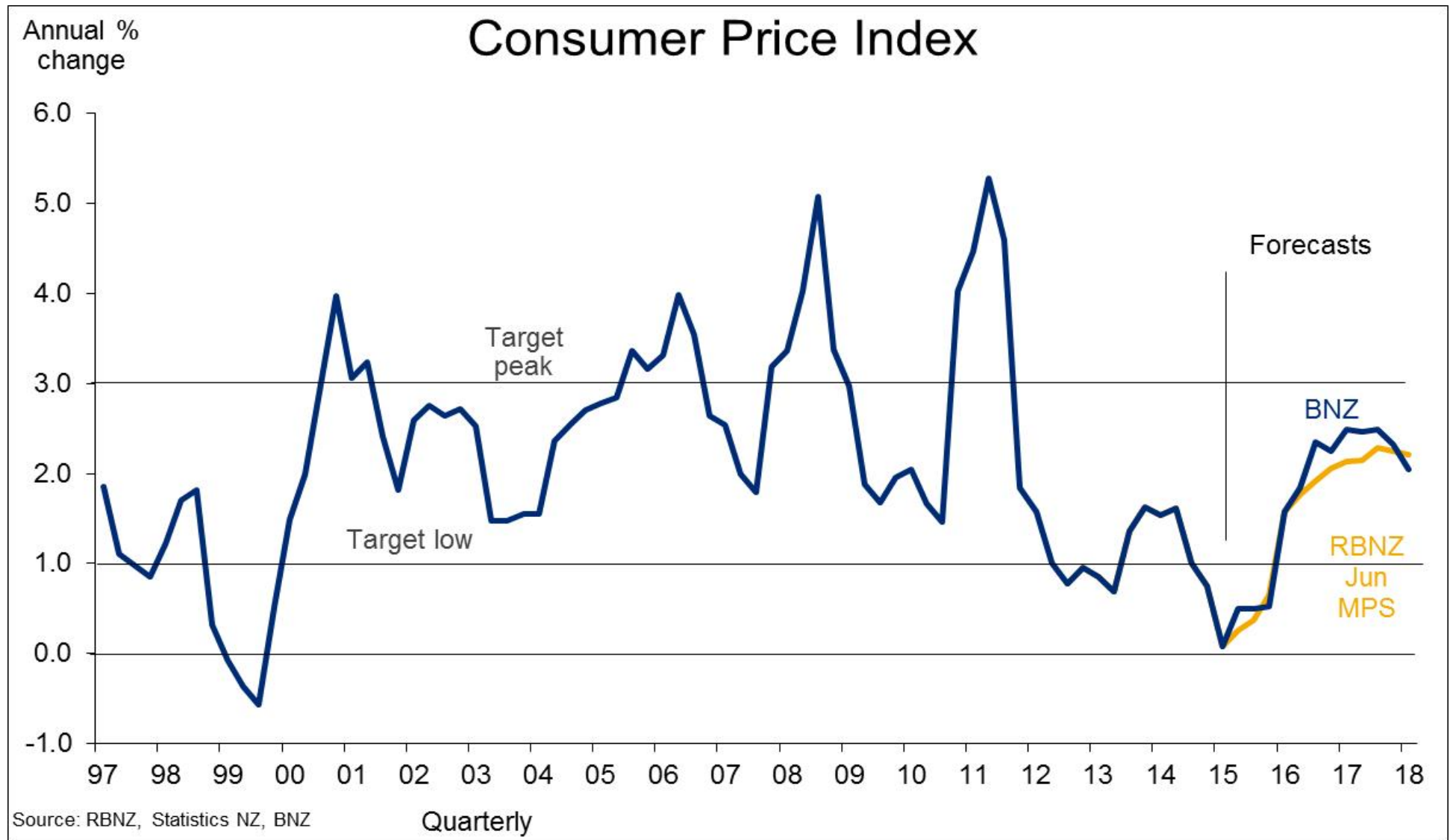
# As Dairy Prices Plummet



# And Petrol Prices Rise



# What Really Matters



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