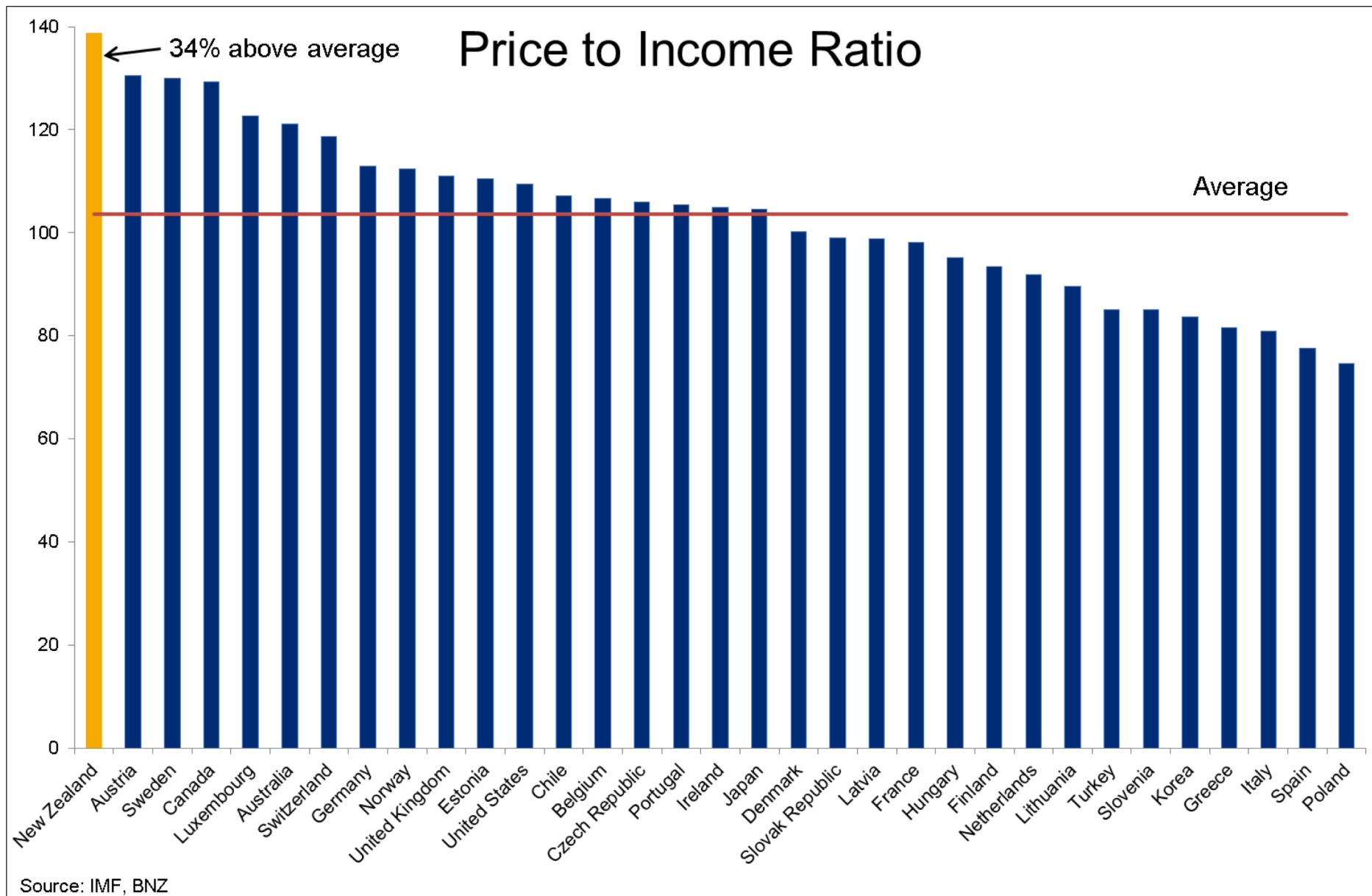


Housing Market Outlook

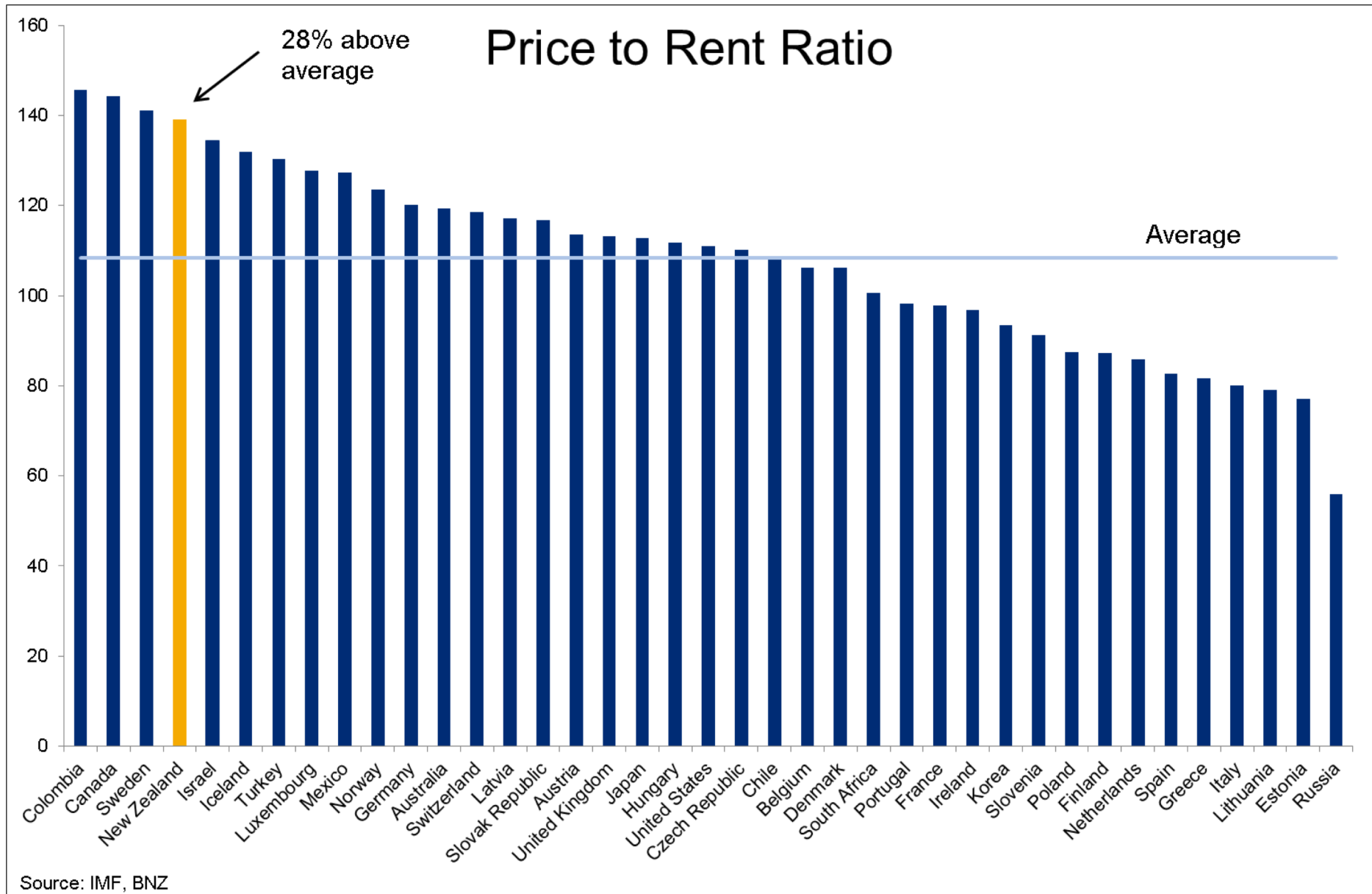
STEPHEN TOPLIS – HEAD OF RESEARCH
July 2018



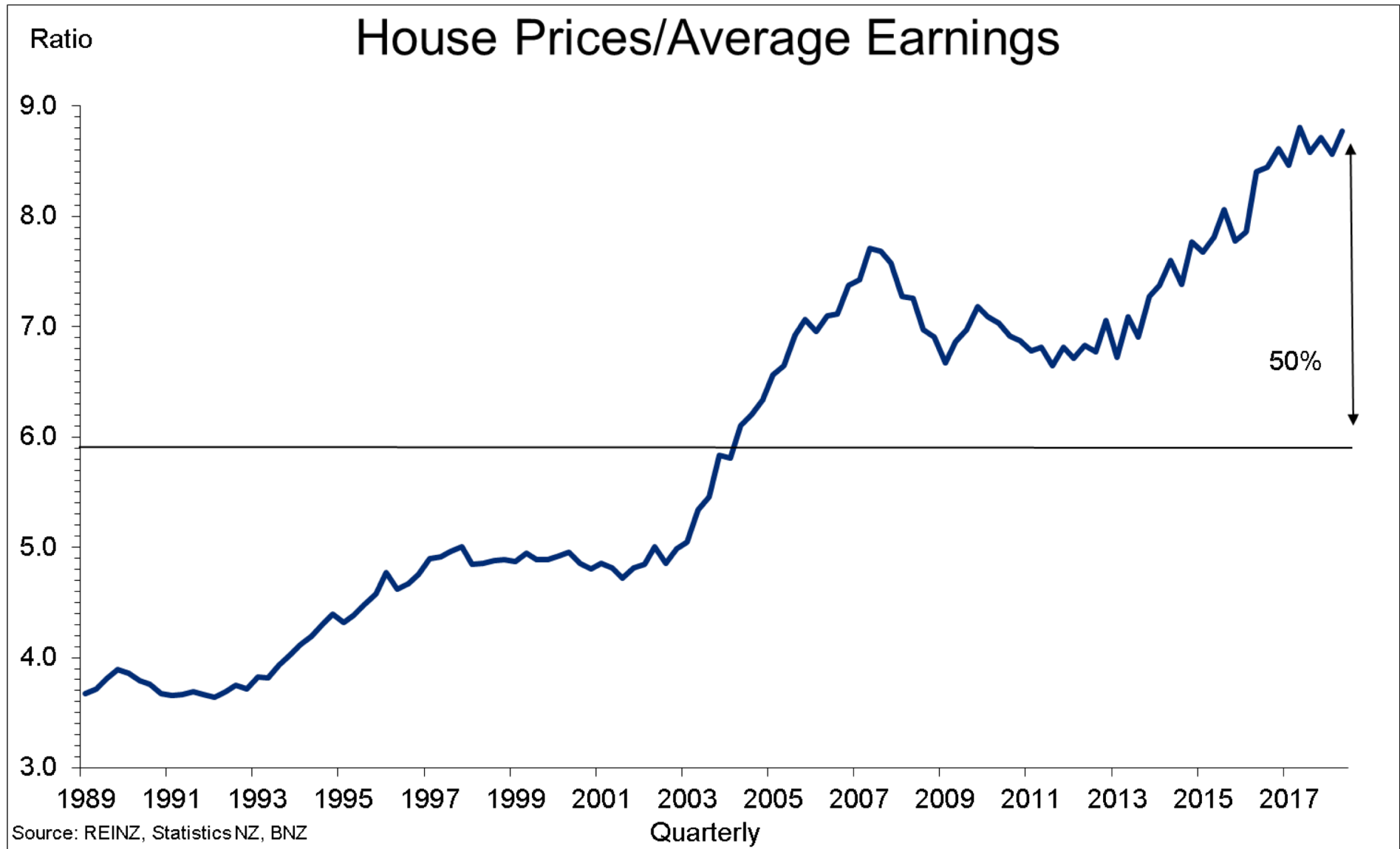
34% Overvalued?



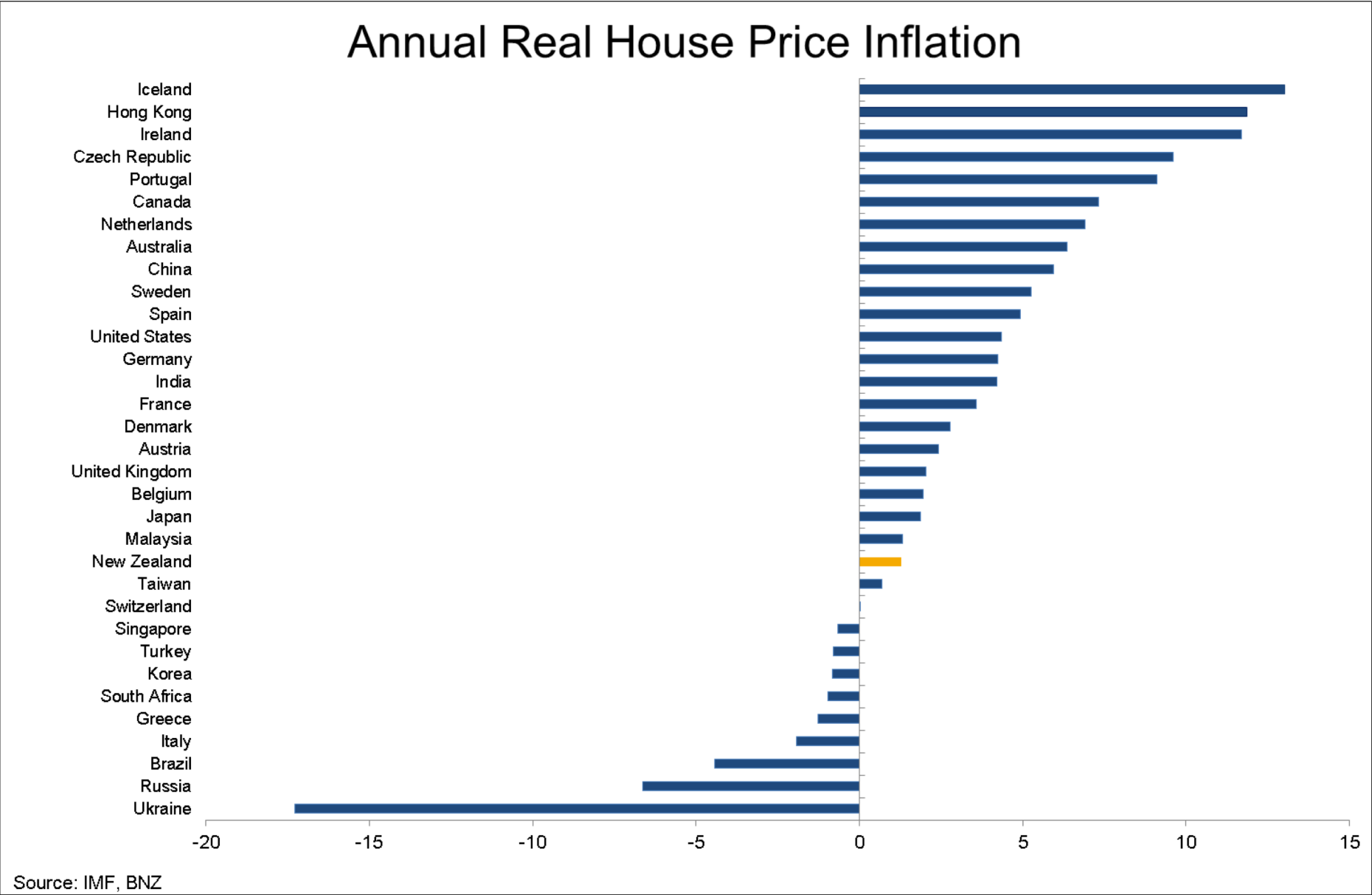
Or 28% Overvalued



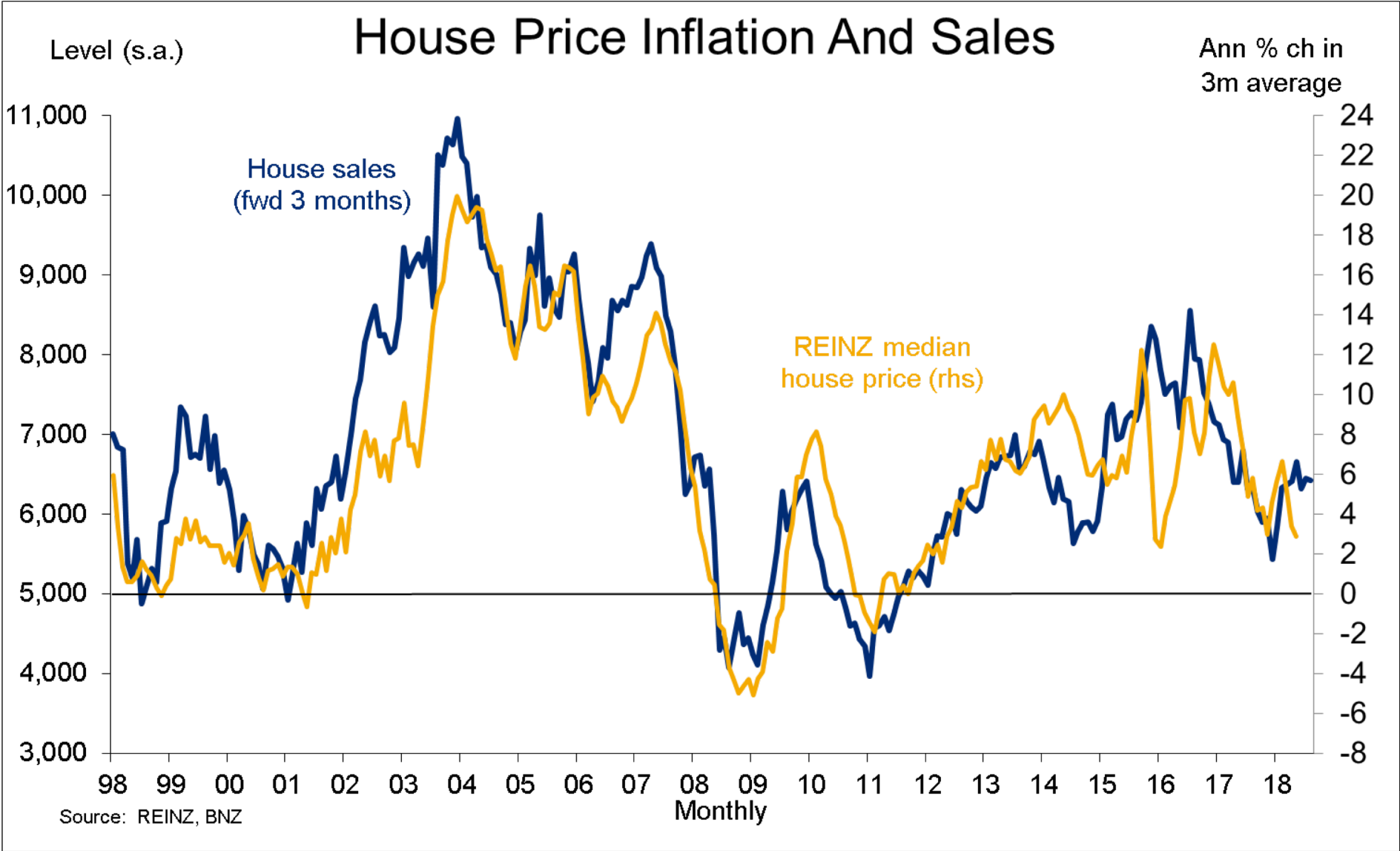
Or 50% Overvalued



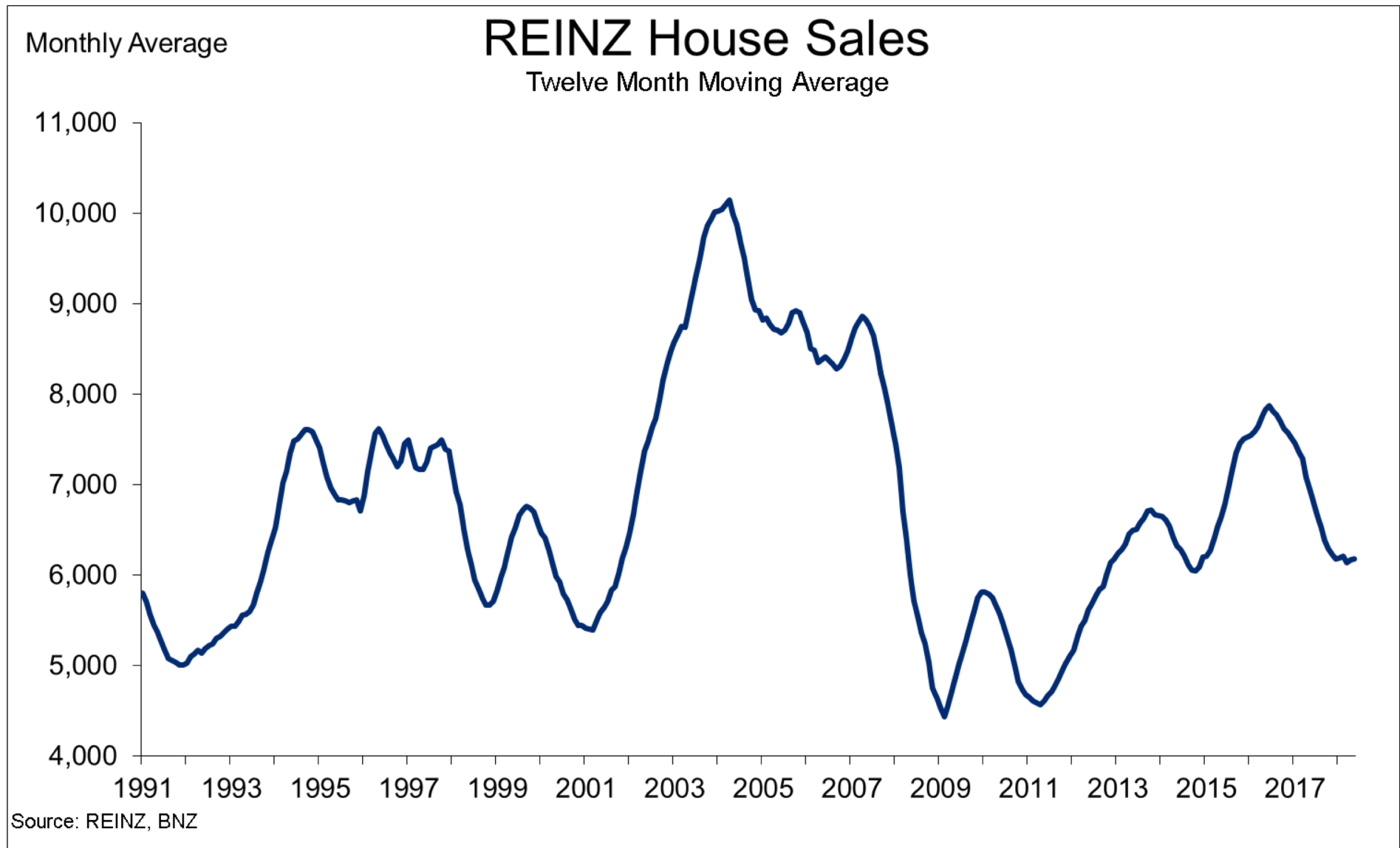
No Longer Pulling Away



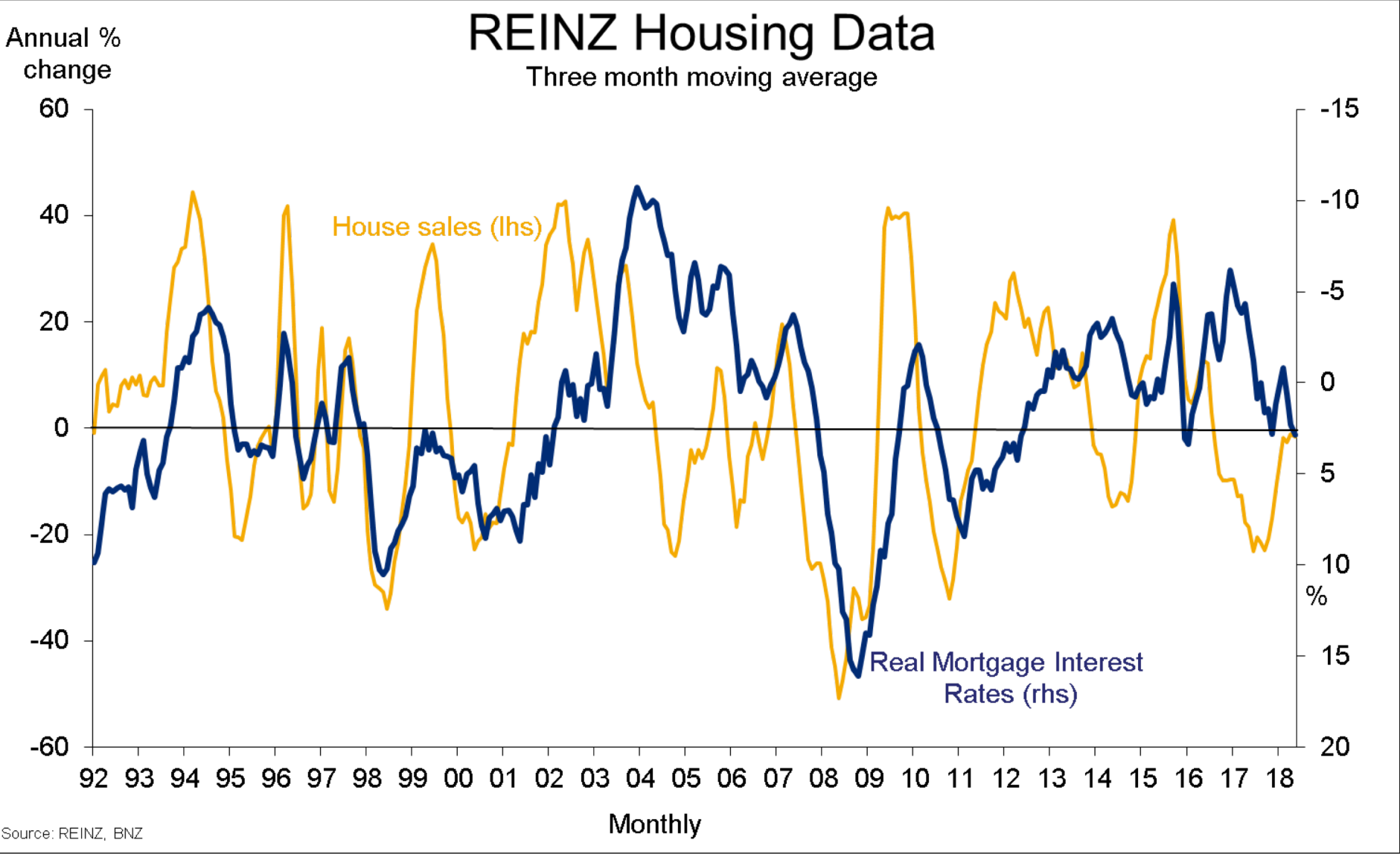
Down But Not Out



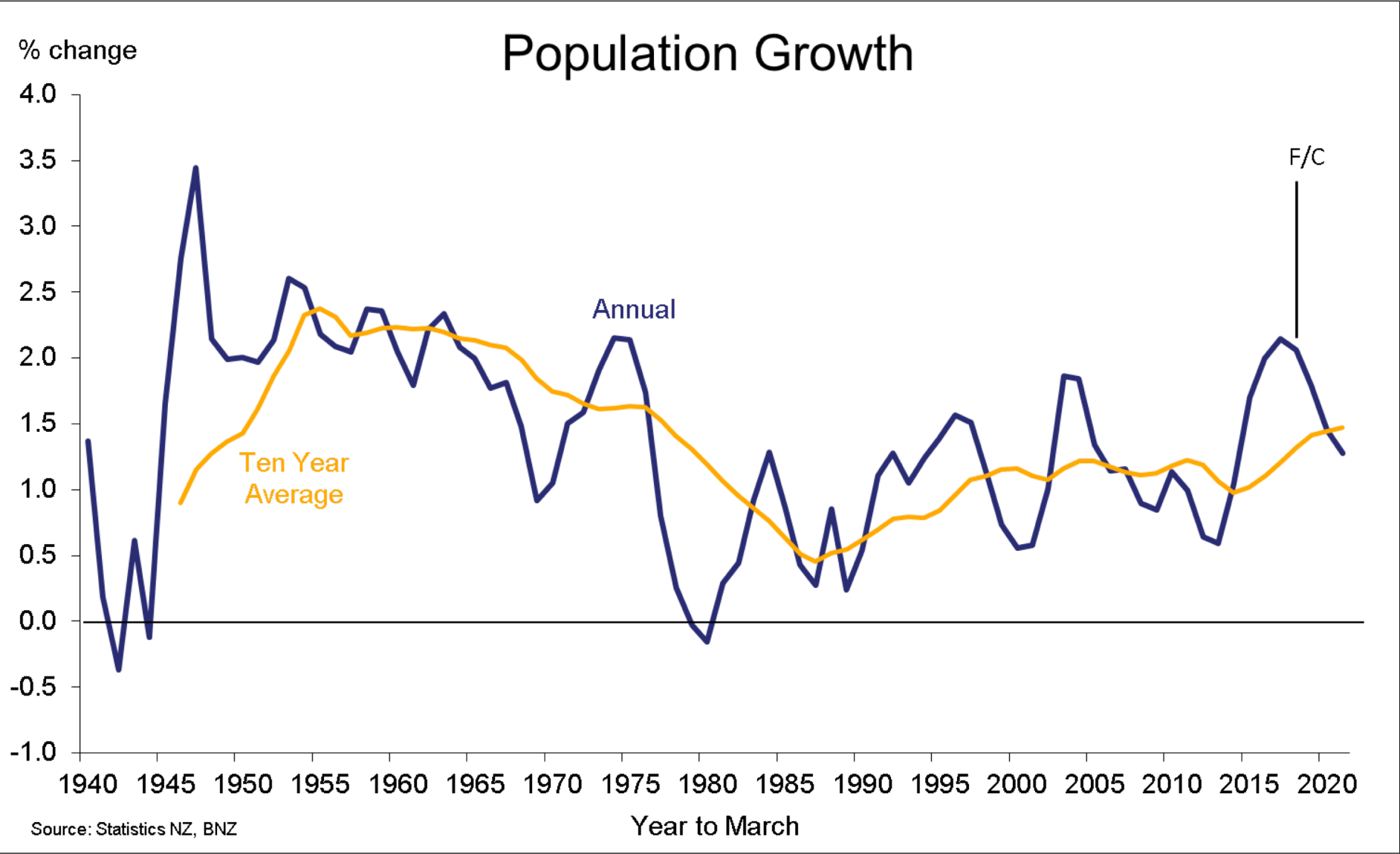
Sales Really Quite Weak



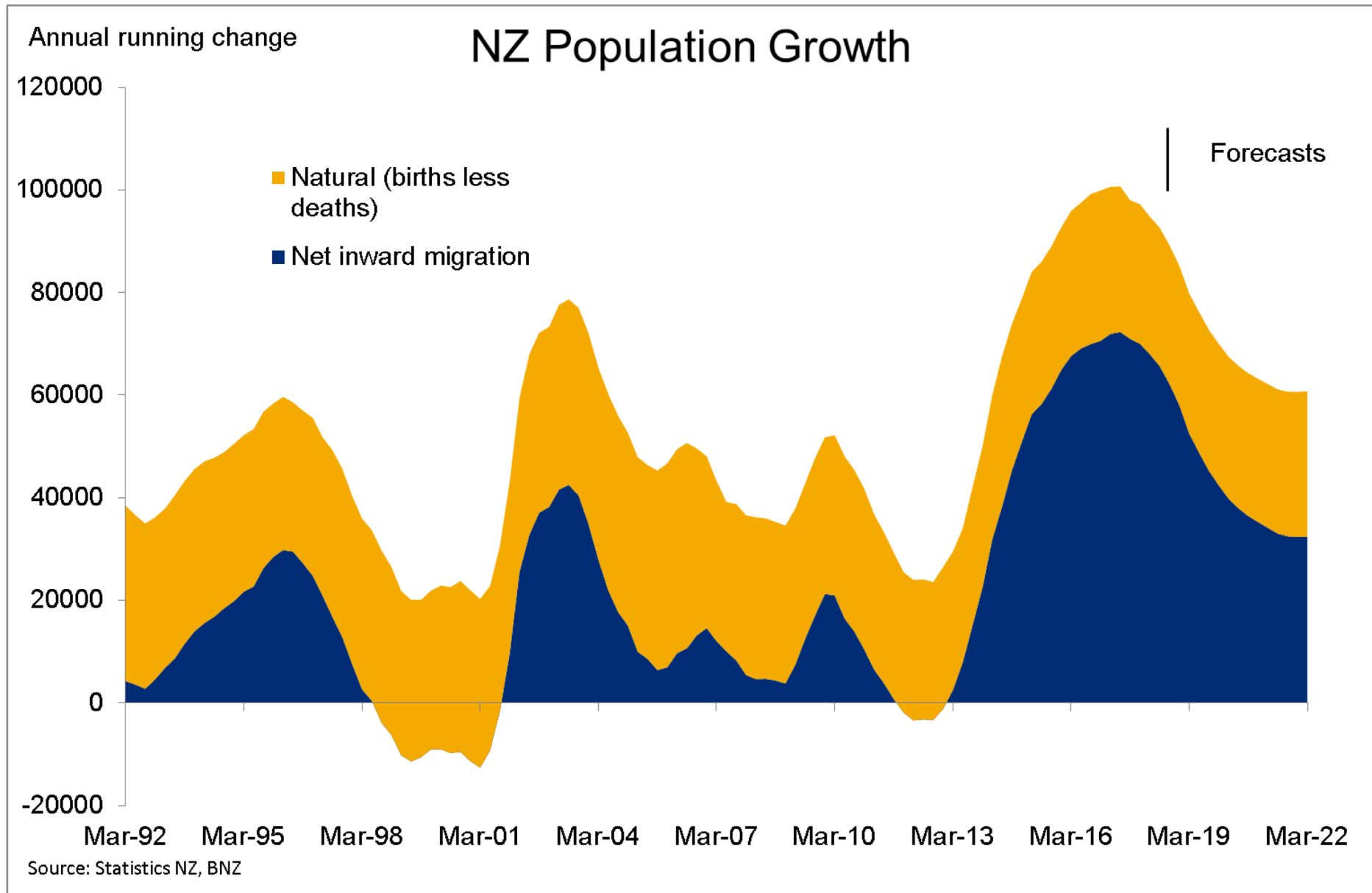
Real Rates Turn Positive



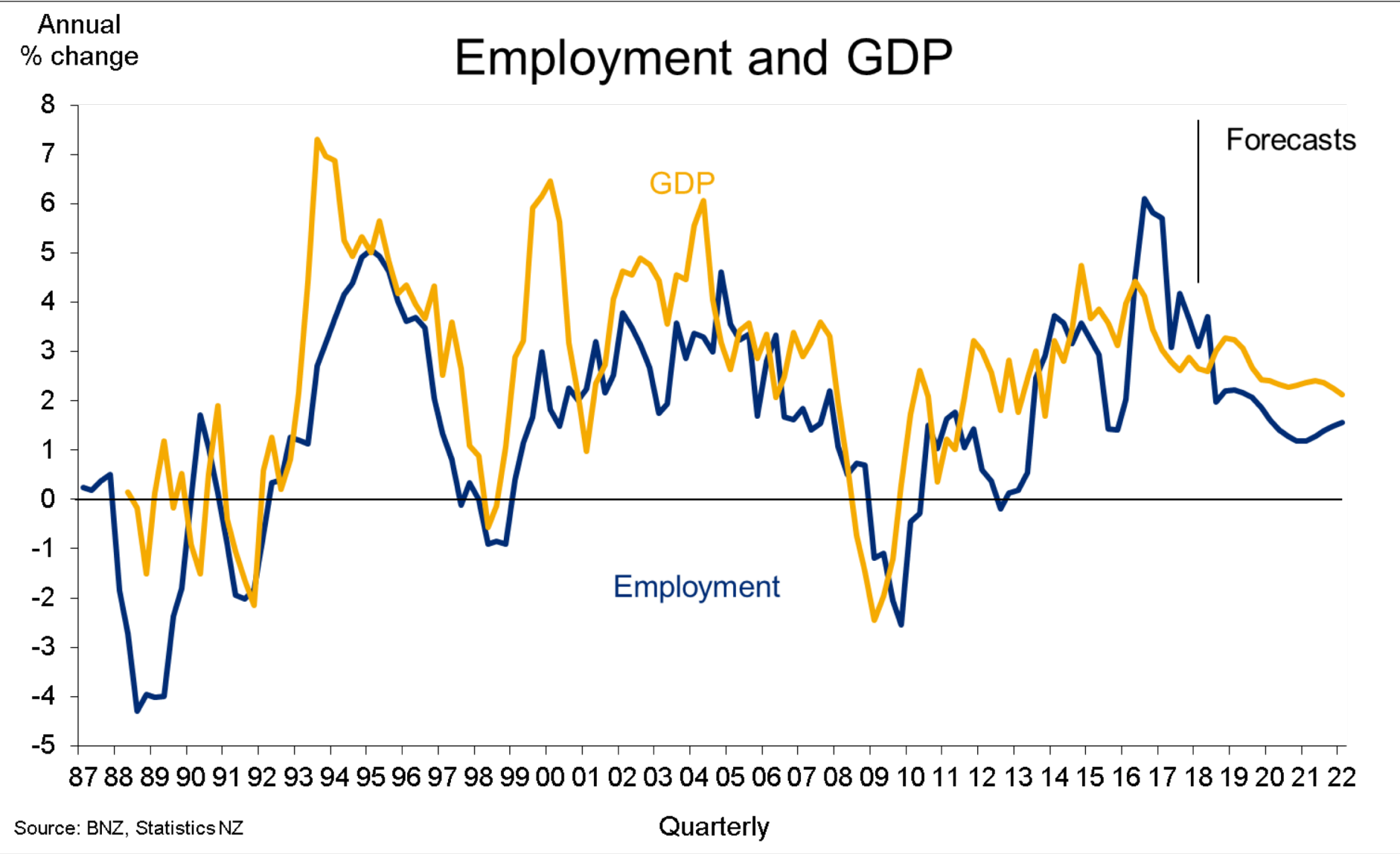
Population Growth Peaking



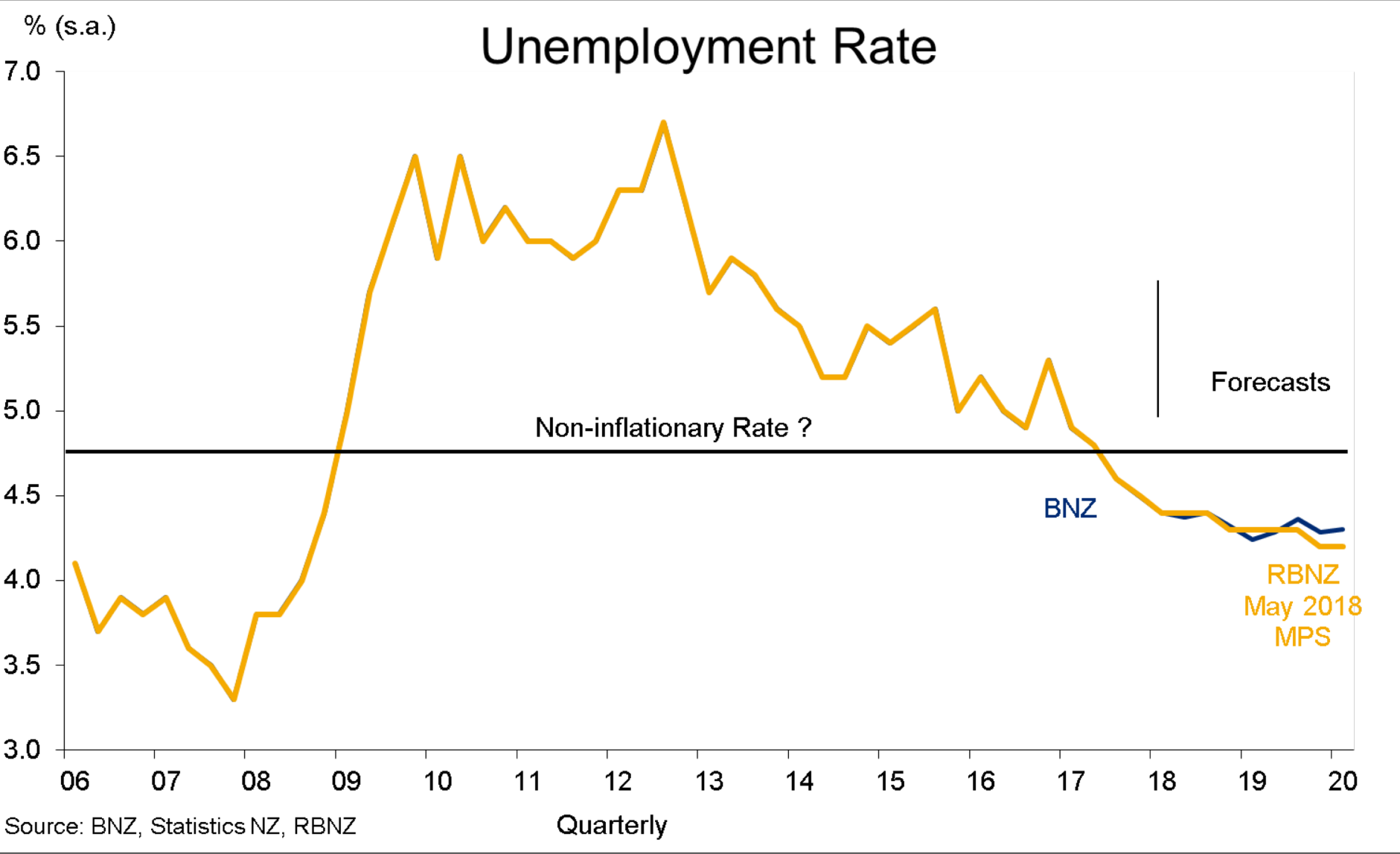
As Migration Softens



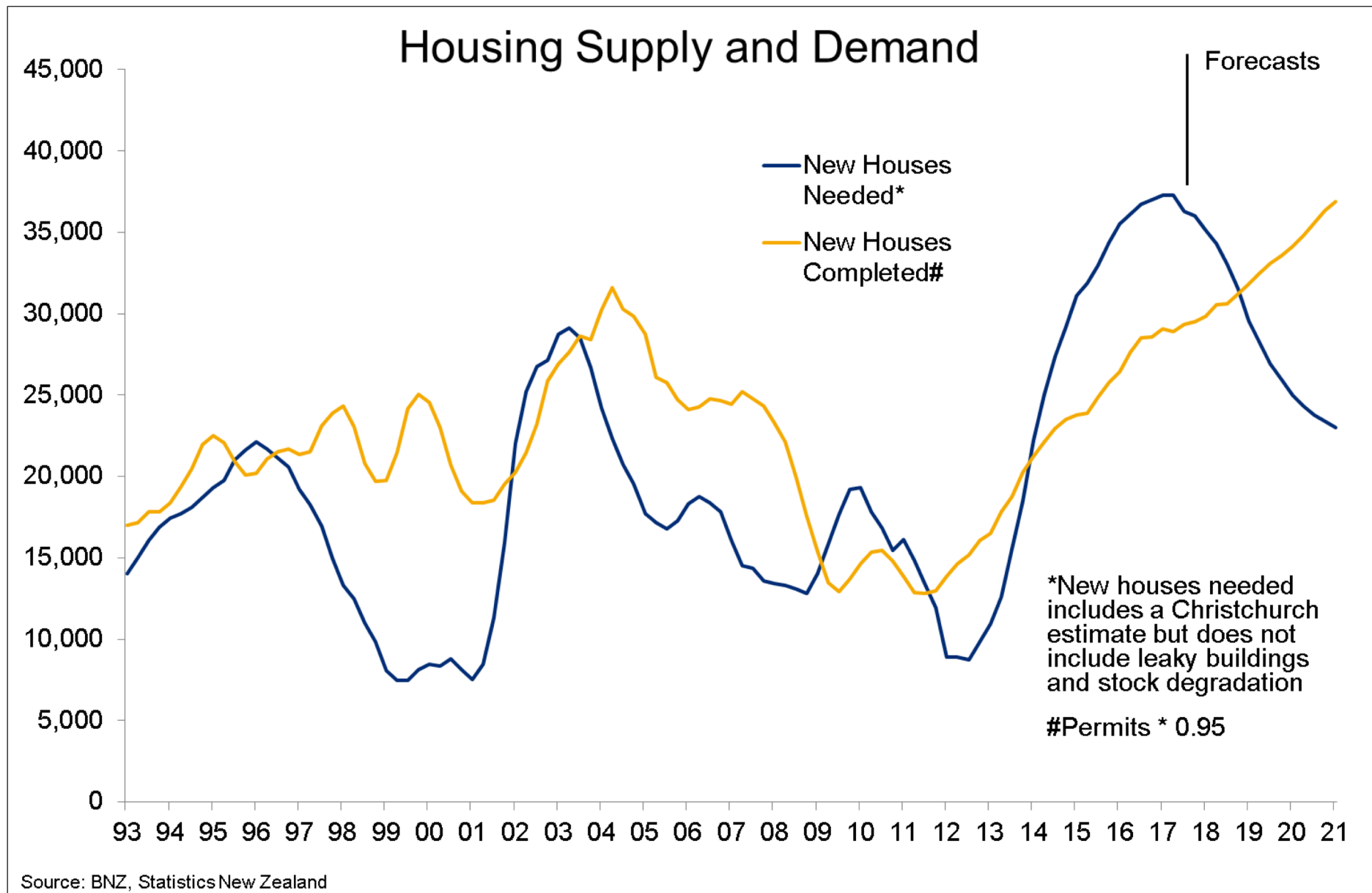
Employment Growth Slowing



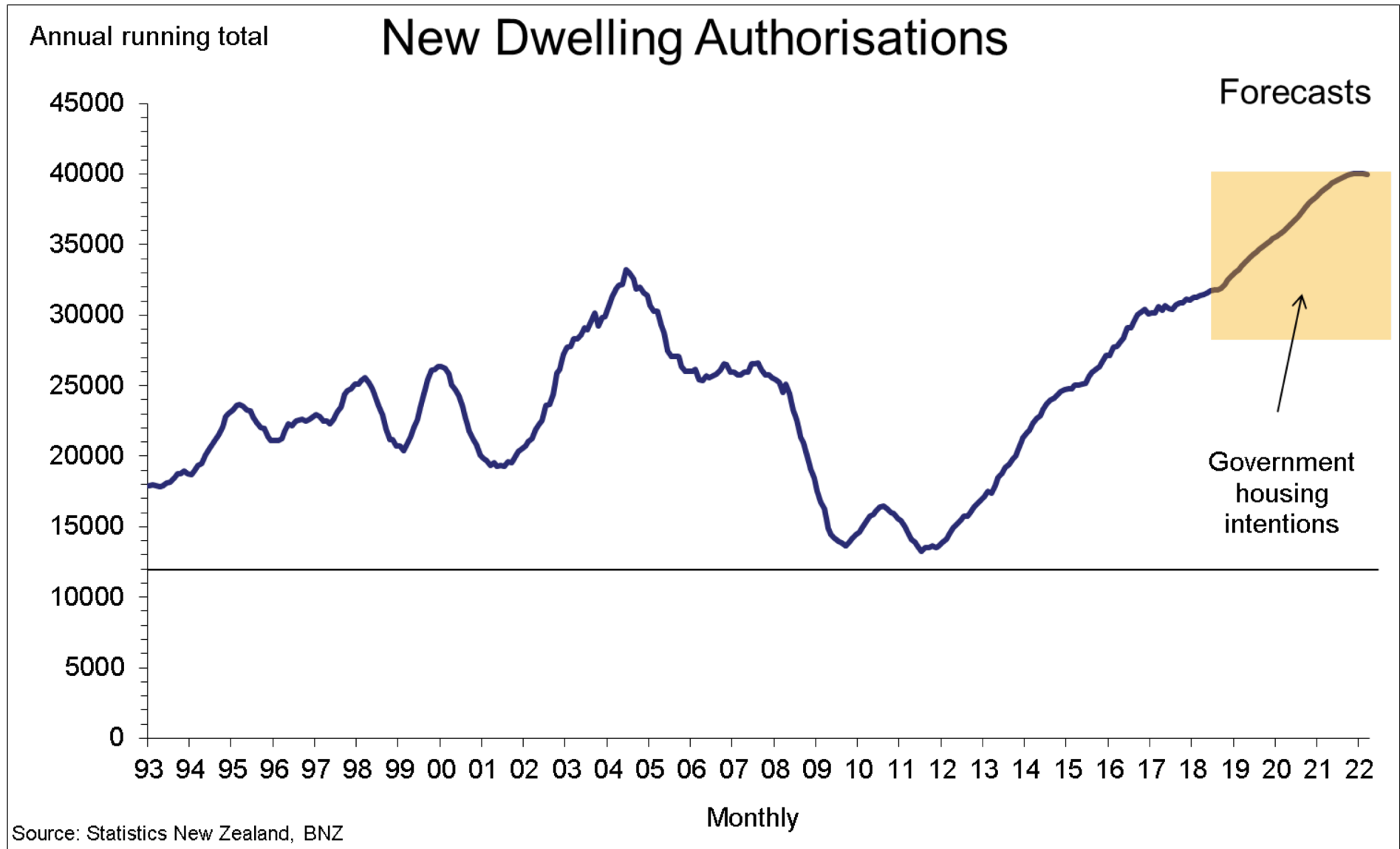
Unemployment Falling



Supply Shortages Still Prevalent



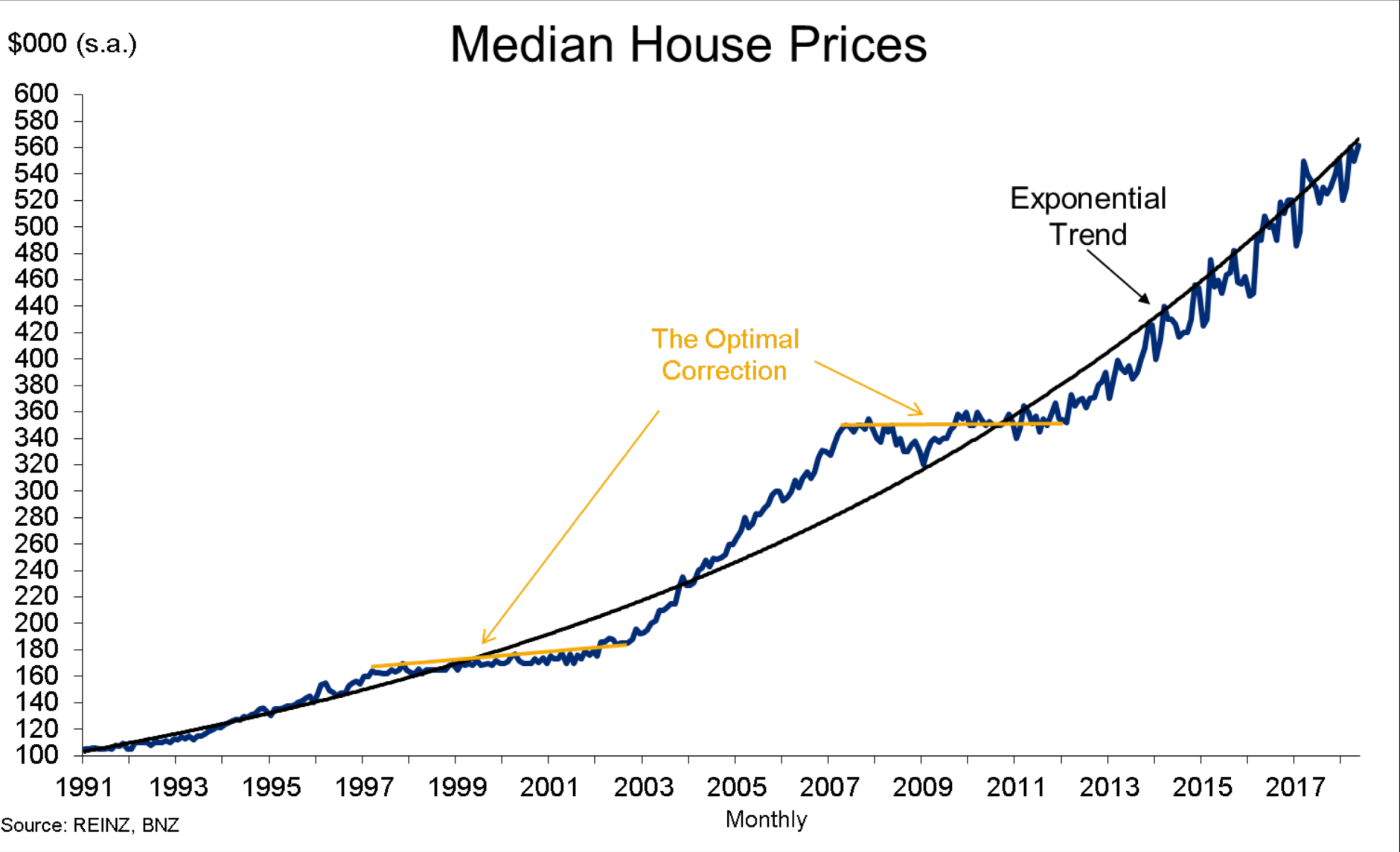
Government Not The Solution



Regulatory Issues

- LVRs
- Tighter Bank Capital Requirements
- Overseas buyers excluded
- Ring-fencing of investor losses
- Tighter migration rules
- Tax Working Group
 - Capital gains tax
 - Land tax
 - Wealth tax

Resolution Possible?



Conclusion

- The glory days are over
- Significant overvaluation persists
- But the catalyst for a big correction is absent
- A nirvana resolution is plausible
- But the risks cannot be overlooked

Disclaimer

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