

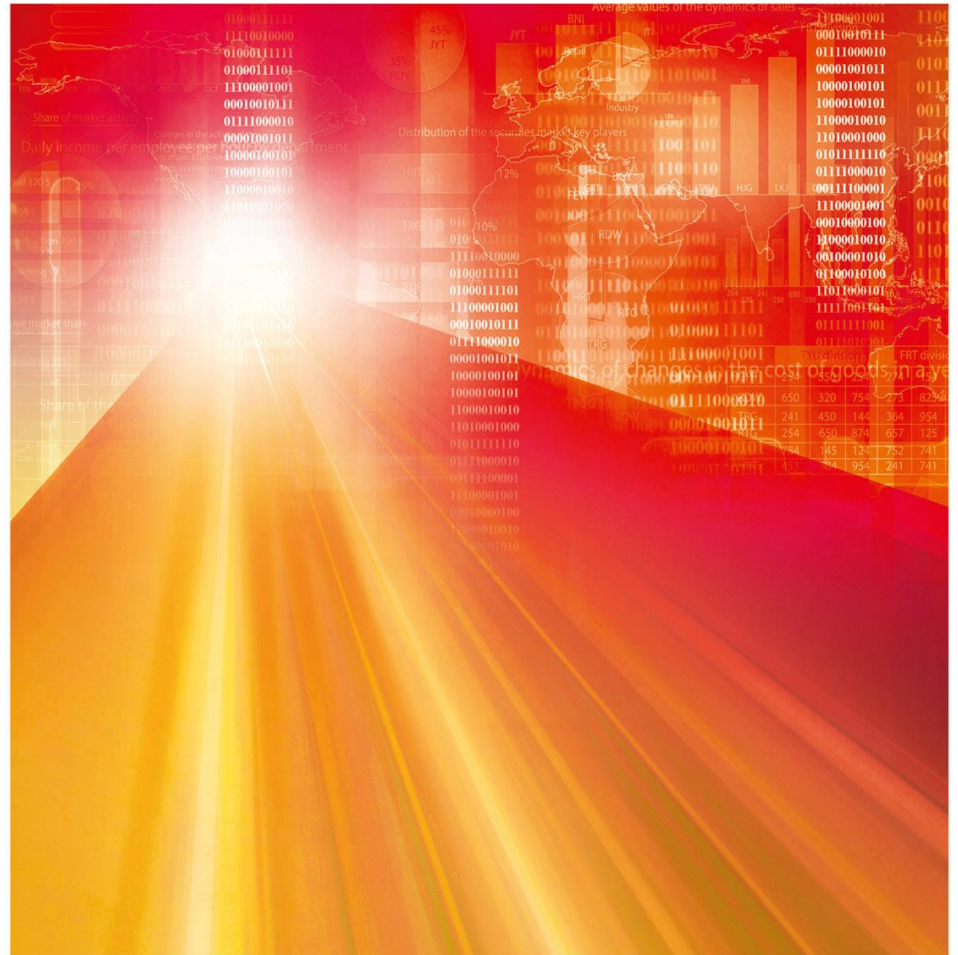
Enterprise Risk Management Seminar

Practical Risk Management



**Actuaries
Institute**

20 September 2016 • Sydney





Property Price Crash?

Ross Greenwood

Business Editor – Channel 9

*This presentation has been prepared for the Actuaries Institute 2016 ERM Seminar.
The Institute Council wishes it to be understood that opinions put forward herein are not necessarily those of the
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economy **australian economy**

Housing bubble a 'recession risk'

SEPTEMBER 2, 2016 5:49PM

economy **australian economy**

Australia six weeks from a housing collapse, US report warns

NEWS

Investors warned: property market 'theme park scary'

By *Vivienne Kelly*

Posted on Wednesday, 14 September 2016

COMMENTARY

It's a long way down in looming apartment fall







Where will shocks come from?

- **External – another Global Financial Crisis**
- **Internal – a local economic downturn**
- **Regional – domestic issues affect individual markets**



Home Price rises really a worry?

- Sydney +9.4%
- Melbourne +9.1%
- Hobart +6.5%
- Brisbane +4.4%
- Adelaide +3.1%
- Perth & Darwin -4.2%



Watch yield – if rates rise

- **Sydney Houses** 2.9%
- **Sydney Apartments** 3.9%
- **Melbourne Houses** 2.8%
- **Melbourne Apartments** 4.0%
- **Hobart Houses** 5.2%



HOUSING CONTRIBUTES
15-18% OF GDP
3-5% INVESTMENT
12-13% CONSUMPTION

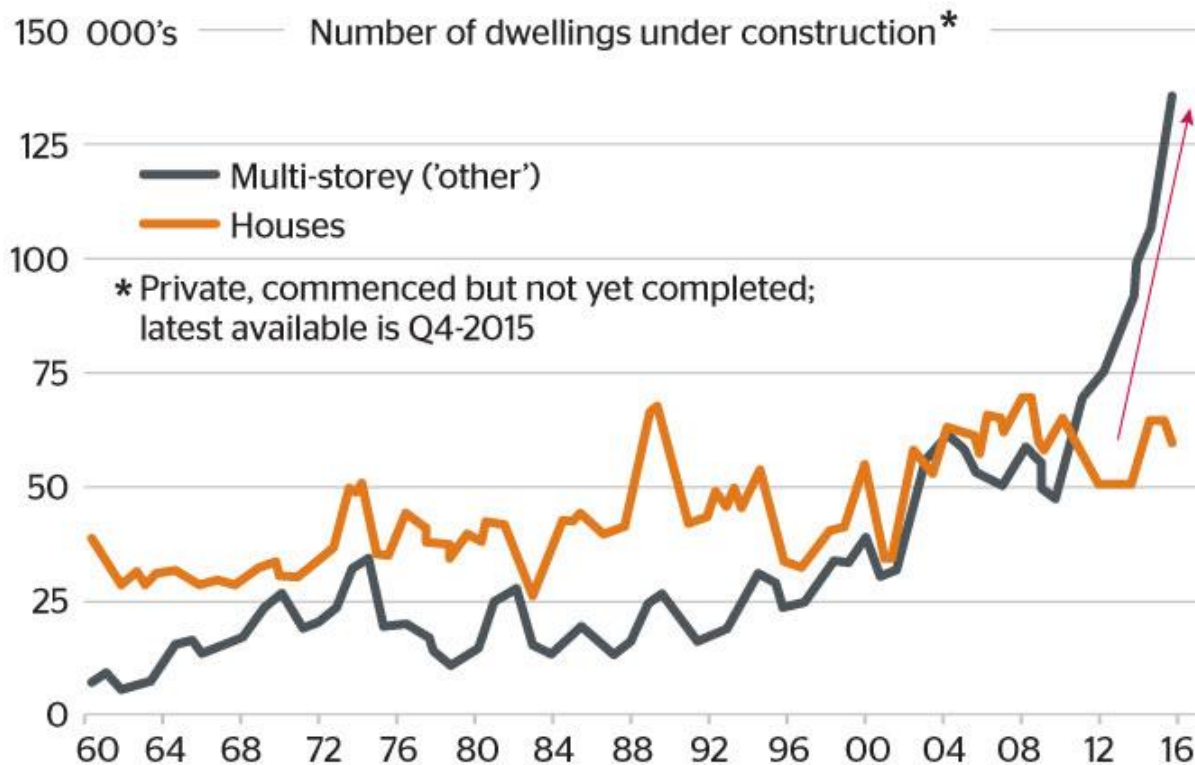


GREATEST SHORT TERM RISK?

A SHARP SPIKE IN RATES



Multi-storey apartments boom





A PARTING MESSAGE

“In Australia, gross public debt, for all levels of government, adds up to about 40 per cent of GDP. But gross household debt is three times larger – about 125 per cent of GDP.”



THE BUTTERFLY EFFECT

