

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

REVIEW OF THE FOUR MAJOR BANKS

ANZ

ANZ56QON: CHAIR: Have you done any modelling or assessment of what you think is going to happen in terms of rental income for investor properties?

Mr Elliott: Yes, and that's in that same report, and, again, we would say that that's going to be under pressure, and the simple—

CHAIR: So when you say 'under pressure', how much of a drop do you expect there?

Mr Elliott: I will get you the data. The simple reason is: sadly, the most impacted members of our community, as a result of this downturn, have been those that are employed in retail, tourism, hospitality et cetera. Sadly, those, generally, have tended to be lower income. They tend to be younger people. They, sadly, tend to be more female. And those are more of a renter population than they are necessarily a home-owner population. It is our view at ANZ that that will have an impact on the rental market because of people's inability to continue to pay rents at the current rate, and therefore there will be a reduction in the value of those assets.

Answer: ANZ economists do not provide forecasts of rental income. However, ANZ's report entitled *Stimulus moderates housing weakness, for now* (dated 26 August 2020) sets out the drivers and indicators of rental demand (pages 11-13). The report observes that there has been a 22.2% negative change in asking rents in Melbourne from March to June 2020.

A copy of the report has been tabled with the Committee.