

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

REVIEW OF THE FOUR MAJOR BANKS

ANZ

ANZ55QON: CHAIR: Let's compare it, then, to mortgages. Obviously one of the things that's going to concern a bank, as well as Australians, is what's going to happen in terms of house prices. I've no doubt you've done some modelling. What is ANZ expecting in terms of adjustments in house prices over this financial year?

Mr Elliott: What we expect is that there will be a reduction in house prices, and that's already evident. I think it's important to say that, as you know, Australia's not one market. So there's a danger in looking at averages, but, on average, I think, from memory, our latest forecast was something around the 10 per cent number from peak to trough—somewhere between 10 and 15 per cent.

CHAIR: But that will be weighted in different markets.

Mr Elliott: Yes.

CHAIR: What are you expecting in Sydney and what are you expecting in Melbourne, as averages?

Mr Elliott: I can get you the data. We've published those data. The only reason I'm hesitant is because they keep moving, quite understandably, as the health impacts shift. From memory, it was somewhere in that 10 to 15 per cent bucket, but I'm happy to provide the state-by-state and city-by-city projections that we have, which we do with CoreLogic.

Answer: ANZ economists' current forecasts for the housing prices in capital cities are set out in the following graph. The graph's source material is from CoreLogic and ANZ. The graph is extracted from page 8 of ANZ's report entitled *Stimulus moderates housing weakness, for now* (dated 26 August 2020). A copy of the report has been tabled with the Committee.

