

The coming Aussie house price crash.

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<http://puzzlefinancialadvice.com.au/Houseprices.pdf> The full paper is here.

http://puzzlefinancialadvice.com.au/Houseprices_onepager.pdf

For many Australians, this (and related issues) is probably the biggest financial risk they face.

The data, which does not fib, tells the story of a coming large Australian house price crash – probably the largest house-price crash in Australia history.

Here is the evidence. **“Clean” house prices deliver approximately NIL increase in price in real terms over the long term.** Professor Robert Shiller used this data to forecast the US house price crash. Divergence from long-term trend (sideways) results in reversion to trend over time.

A 400-year house price study in Amsterdam also shows real house prices go approx sideways over the long-term. **Australia is not immune.** Bank of International Settlements thinks Australian house prices expensive. As does the IMF.

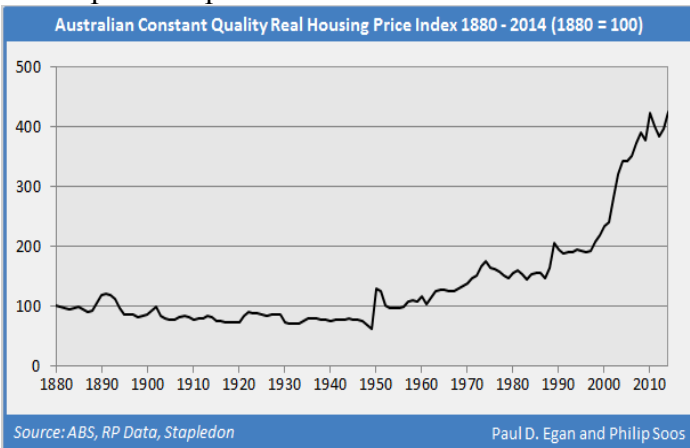
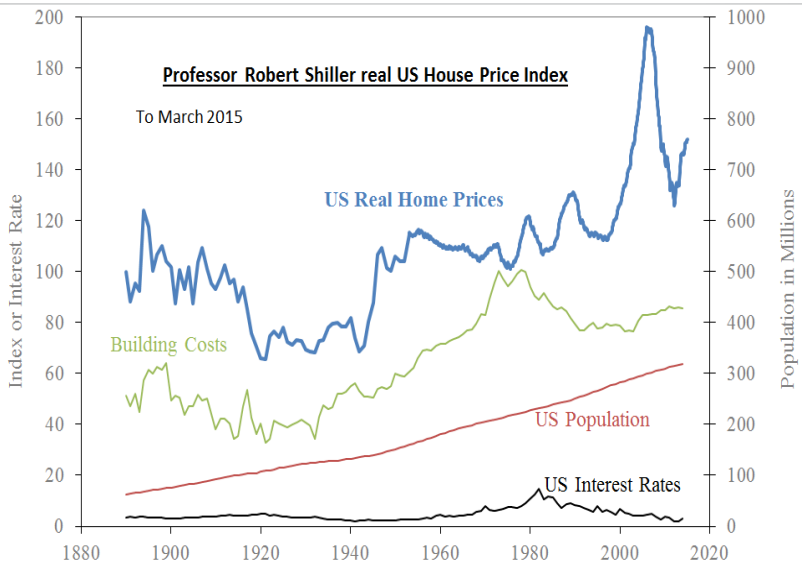
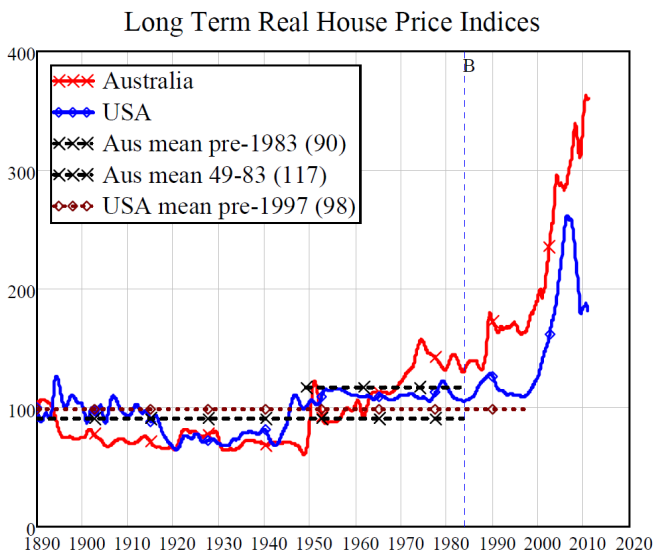


Figure 4



Looks like a bigger house price bubble than US.

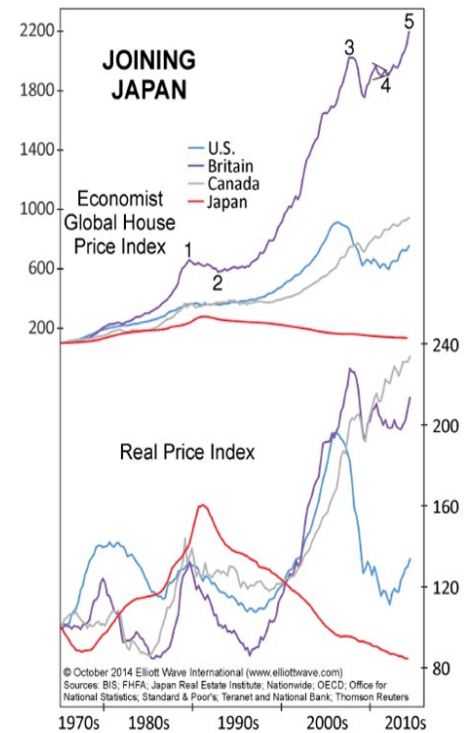
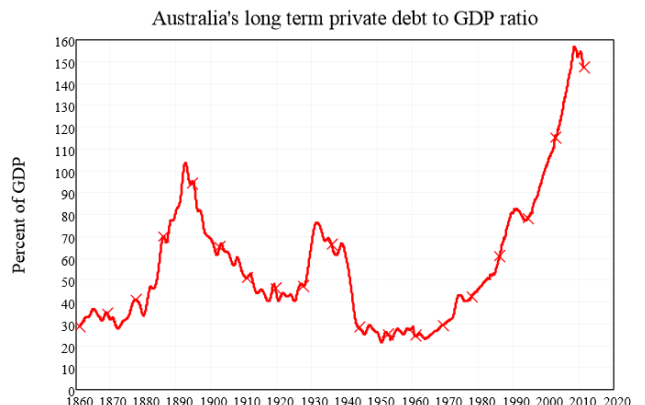


Figure 11



Fisher & Kent 1999; RBA Historical Data; Tables D02, G12