

# Generation Rent



**TPA**

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# Broken dreams & impacts

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- Unaffordable housing
- Broken dreams, generation rent & ghettoisation
- Complex market...
- ...with multiple issues
- Sustained poor regulation and lack of leadership.

# Unaffordable

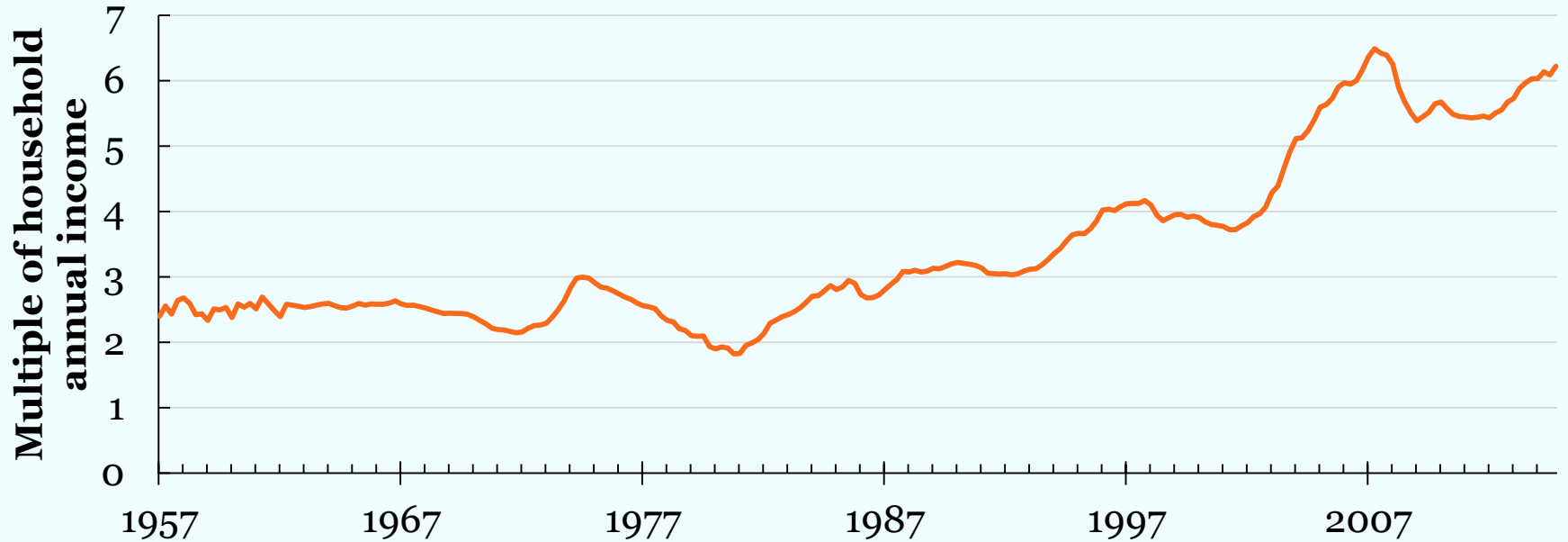
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**BROKEN DREAMS**

# Disconnected

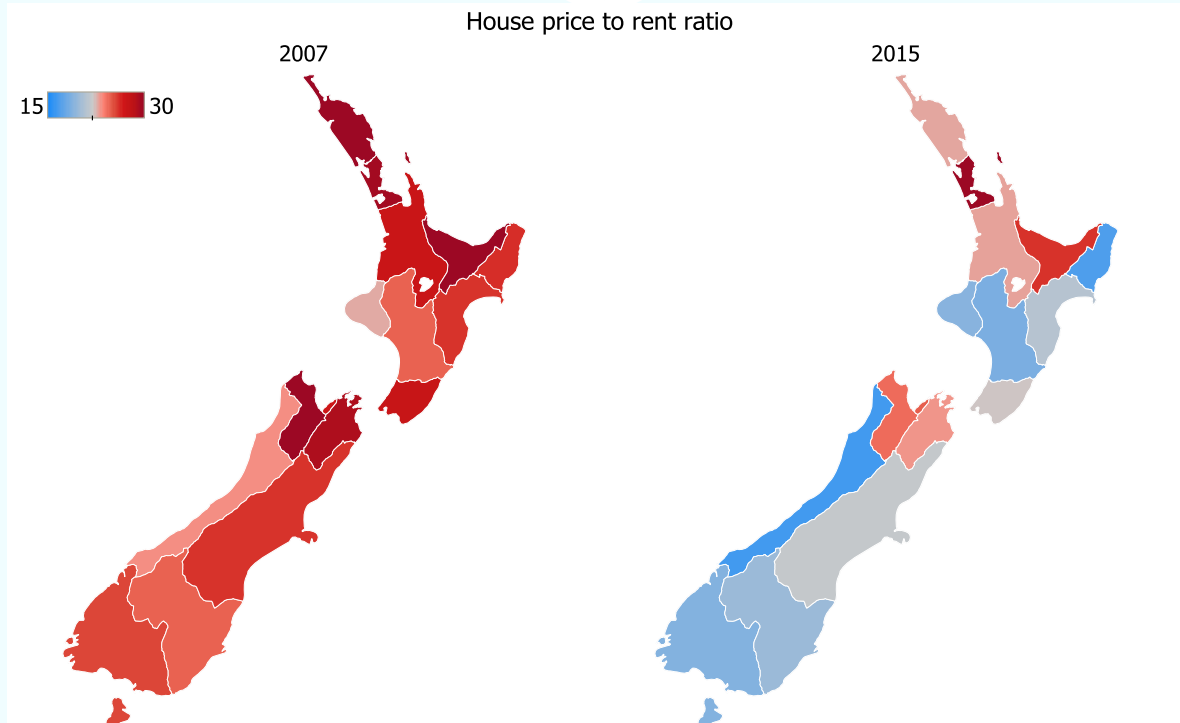
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## House price to income ratio, 1957-2014



# Regional variations

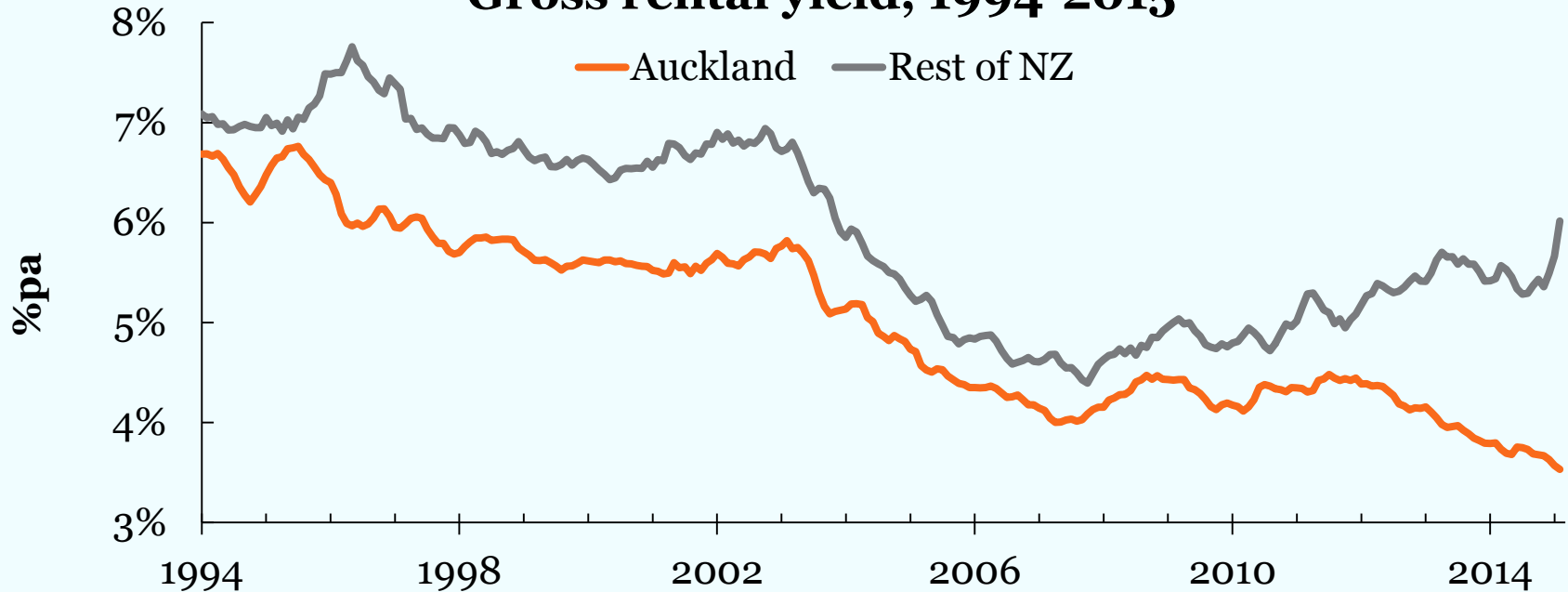
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# Housing as an investment

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## Gross rental yield, 1994-2015



# Consequences

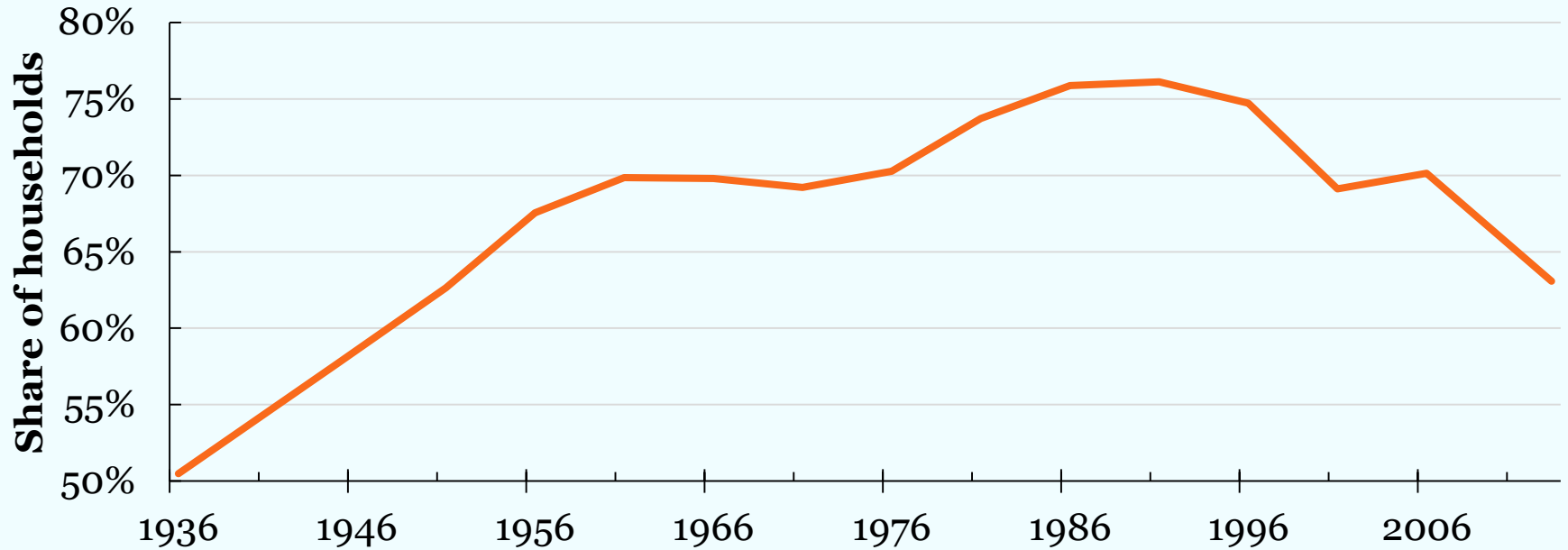
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**GENERATION RENT  
GHETTOISATION**

# Broken dreams

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## Home ownership rate, 1936-2013

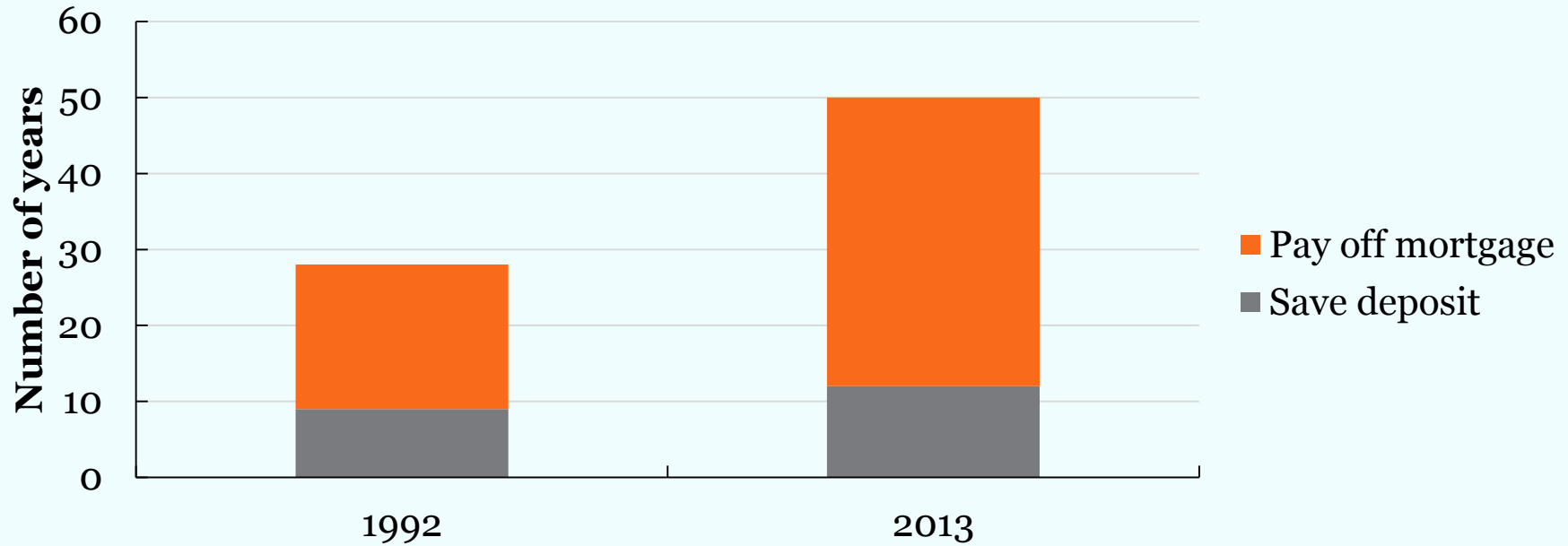




# Generational theft

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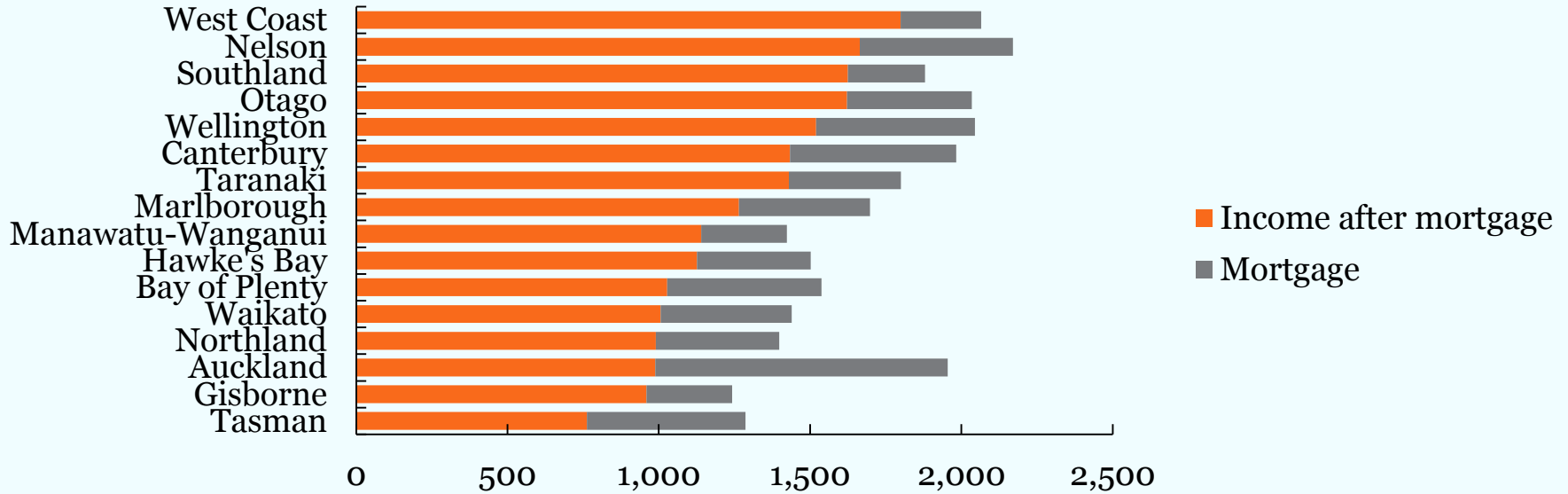
## Years to buy a home



# Eroding city benefits

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## Average weekly household incomes Before and after mortgage payments

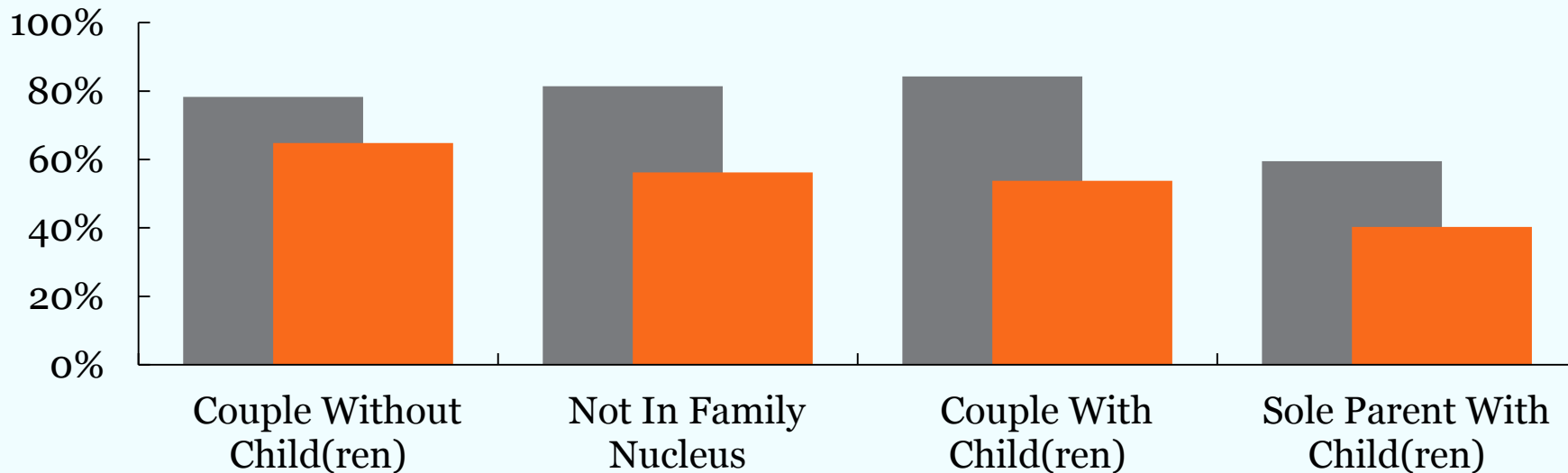


# Unhappy

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## Net satisfaction with housing (25-44 year olds)

■ Owner-Occupied ■ Rented



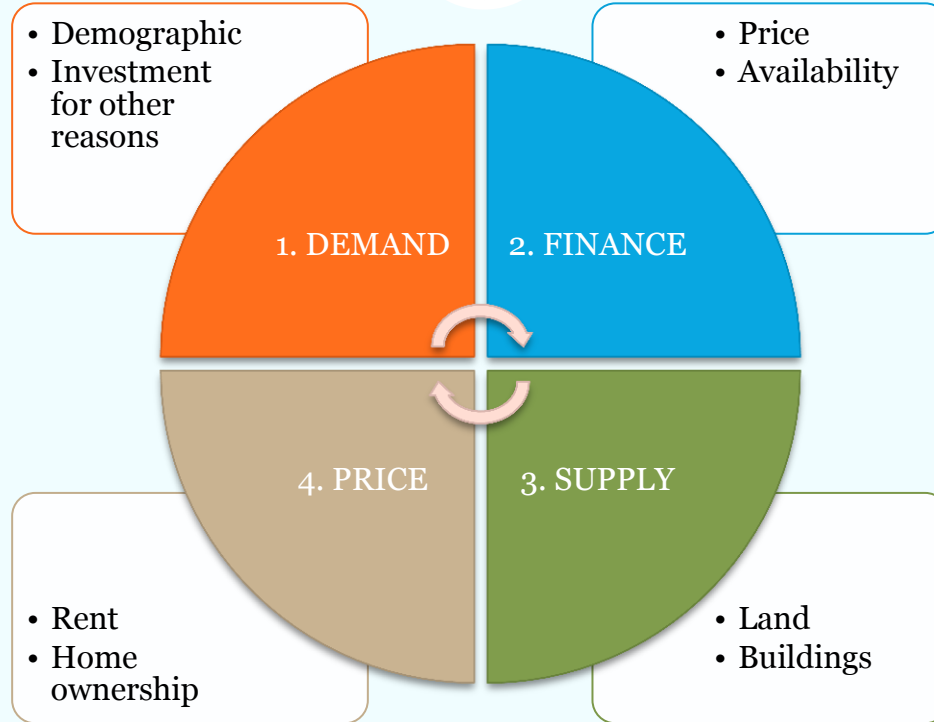
# A complex system

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**A MULTITUDE OF SINS**

# Housing is complex

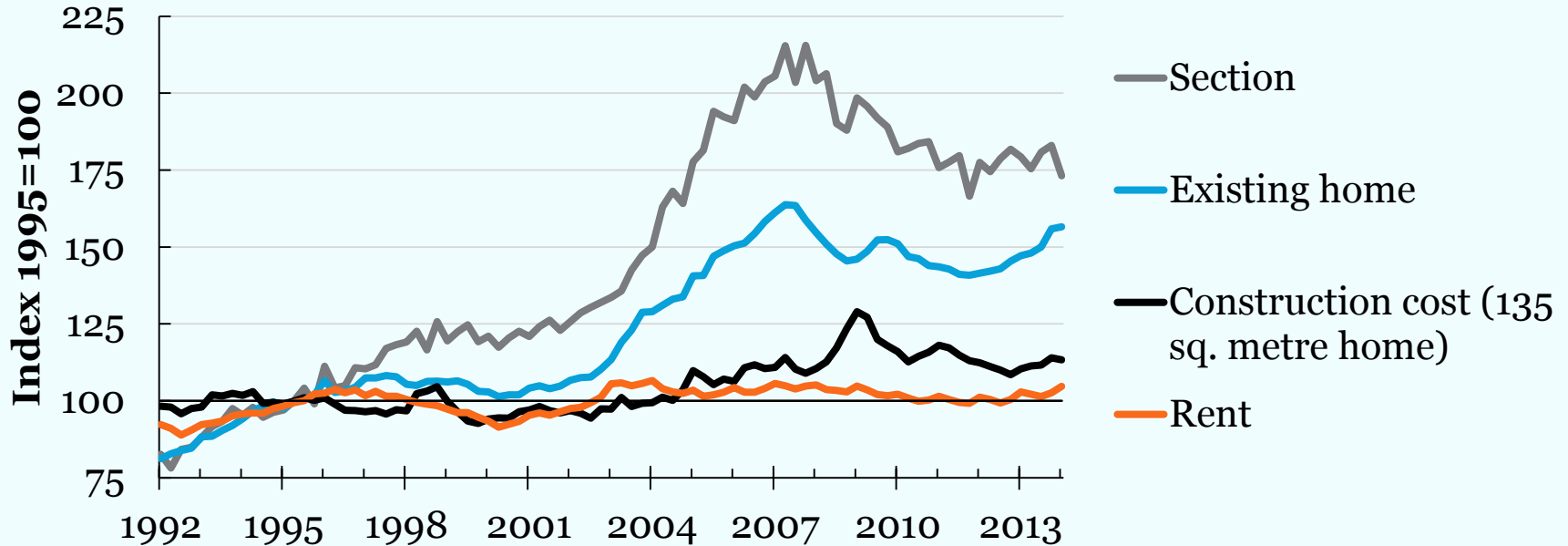
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# Broken parts

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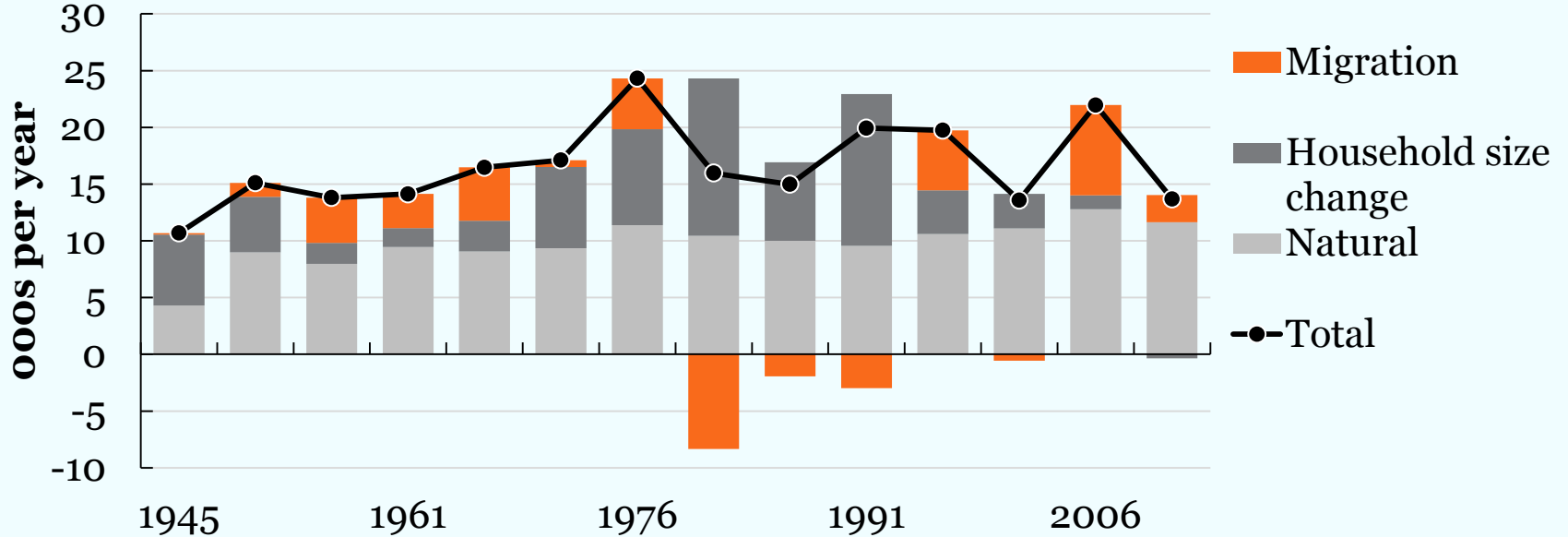
## Housing costs relative to income, 1992-2013



# Demographic demand

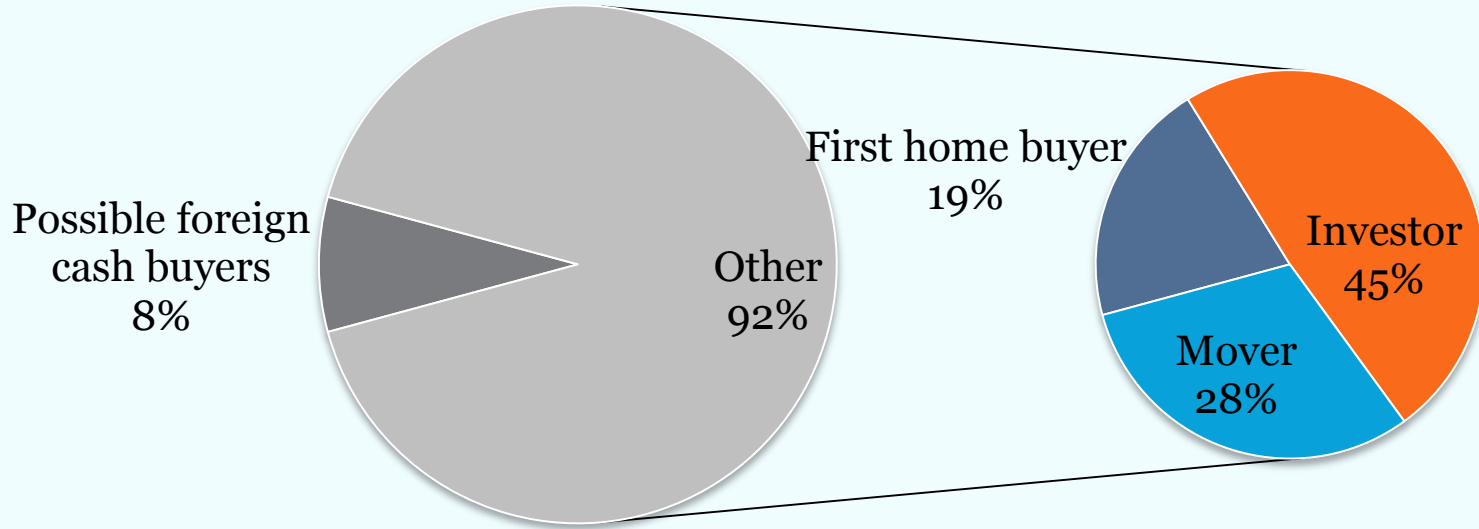
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## Sources of housing demand, 1945-2013



# Investors: tax, culture & literacy

## House purchasers, 2013

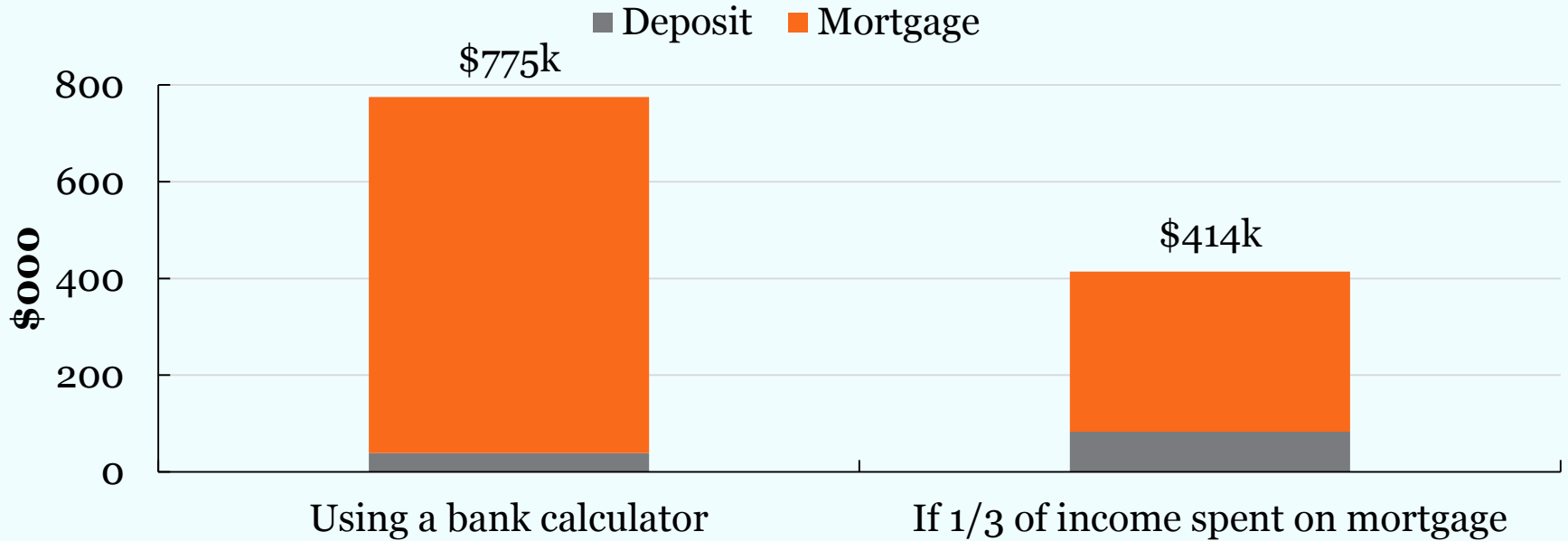




# Finance distortion

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## Borrowing capacity at \$100,000 income



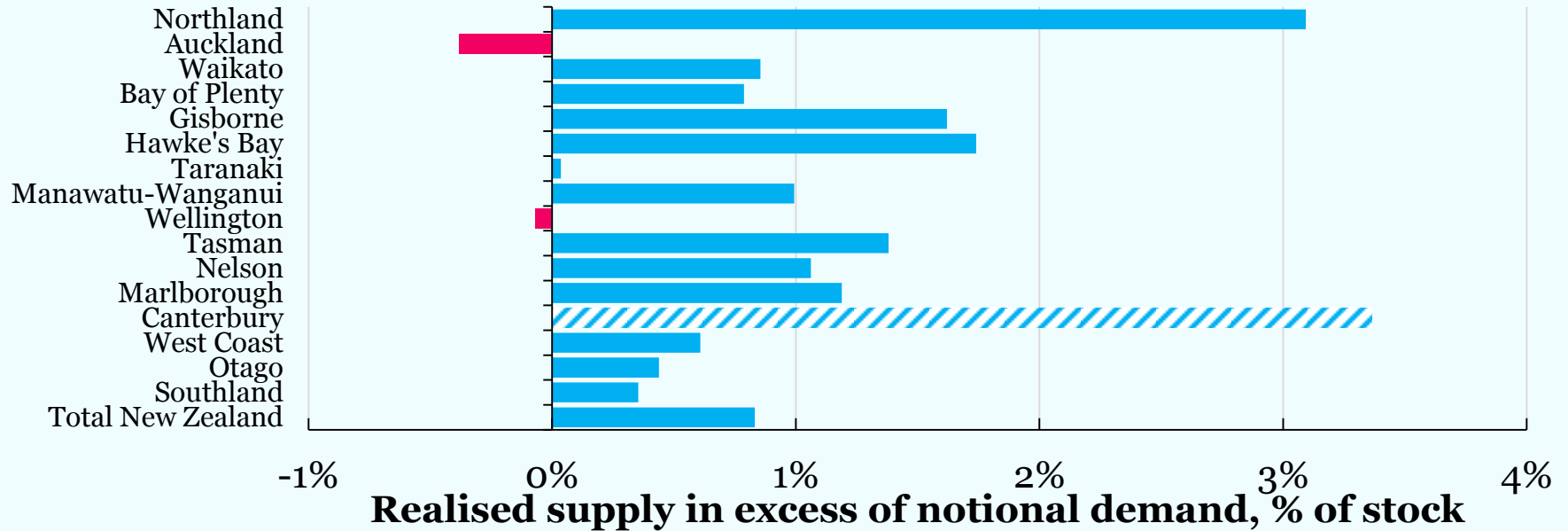
# Rental distortion

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- Restrictive: NZ, Australia
- Standouts: Germany, Switzerland
- Indicative rental features:
  - Typical lease term
  - Notice period for landlords
  - Reasons lease can be terminated
  - Pet ownership
  - Minor alterations

# Slow supply

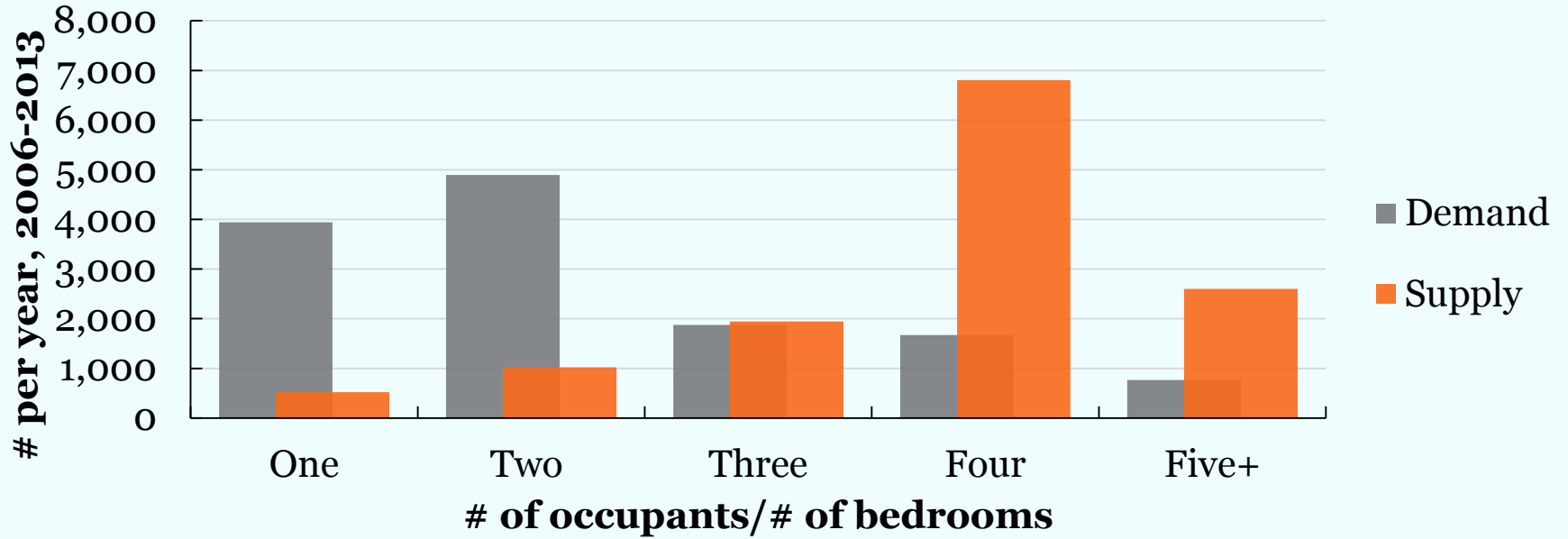
## Housing supply responsiveness, 2006-2013



# Mismatched supply

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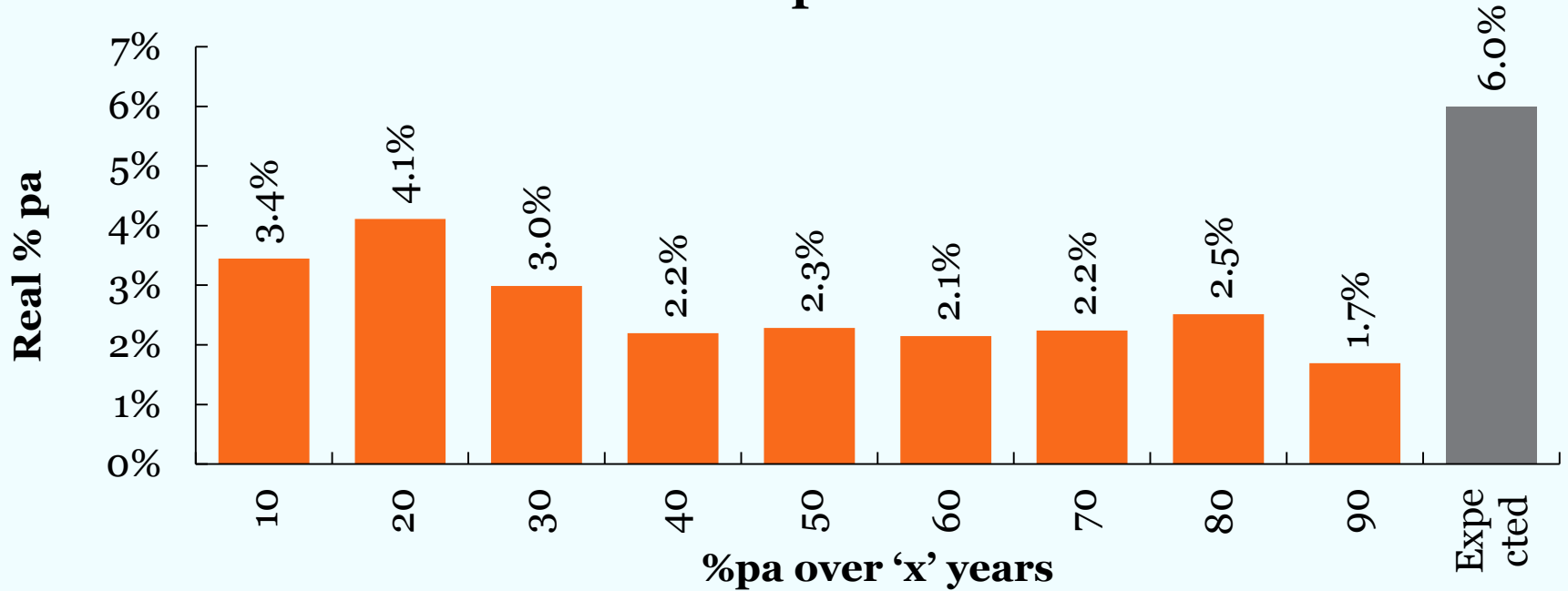
## Housing demand vs. supply, 2006-2013



# Conflating savings with shelter

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## Realised vs expected returns



So?

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**TIME TO ACT**

# Swiss-army knife approach

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- **Complex market:**
  - Better rental contracts
  - Faster land supply
  - Better banking regulation
  - Remove tax incentives for housing
- **What is needed?**
  - Revolution not evolution.

Thank you  
&  
Q+A