

Question	Explain <b>one</b> reason why there might have been a housing market bubble in Australia in 2021. <b>Answer</b>	Mark
<b>8</b>	<p><b>Knowledge 1, Application 1 Analysis 2</b></p> <p>Quantitative skills assessed:</p> <p><b>QS2:</b> Calculate, use and understand percentages, percentage changes and percentage point changes.</p> <p><b>QS9:</b> Interpret, apply and analyse information in written, graphical, tabular and numerical forms.</p> <p><b>Knowledge</b></p> <p>1 mark for understanding of 'market bubble':</p> <ul style="list-style-type: none"> <li>• A period where prices rise rapidly/ where prices are above their true/intrinsic value/ an adjustment may lead to rapid price reductions <b>(1)</b></li> </ul> <p><b>Application</b></p> <p>1 mark for reference to data:</p> <ul style="list-style-type: none"> <li>• Prices rising rapidly in 2021 24.5%/ Price fell rapidly 2022 -4.9% <b>(1)</b></li> </ul> <p><b>Analysis</b></p> <p>Up to 2 marks for linked analysis:</p> <ul style="list-style-type: none"> <li>• Speculators <b>(1)</b> buying houses in the hope that their value will increase/ so that they can sell them for profit later <b>(1)</b></li> <li>• Very low interest rates <b>(1)</b> causing more demand/people to purchase houses <b>(1)</b></li> <li>• Consumer exuberance/overconfidence <b>(1)</b> meaning they are willing to pay prices above the value of the house <b>(1)</b></li> <li>• Excess demand for houses <b>(1)</b> as demand far outstrips the supply of housing <b>(1)</b></li> <li>• Shortage of supply of housing <b>(1)</b> resulting in prices being bid up substantially by many buyers <b>(1)</b></li> <li>• Poor lending decisions by bankers/banks <b>(1)</b> may result in borrowers with poor credit history/no deposit adding to demand for housing <b>(1)</b></li> <li>• Large increase in immigration <b>(1)</b> may lead to increased demand for housing <b>(1)</b></li> </ul>	<b>(4)</b>