

# Media Release



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## RBA DECISION COULD HURT PROPERTY MARKET RECOVERY

Today's RBA decision to raise the cash rate by 25 basis points is too soon according to the Urban Development Institute of Australia (UDIA) (WA).

"The property market in WA is currently in a slow recovery mode with consumer confidence on the rise," UDIA CEO Debra Goostrey said.

"The impact that this rate increase will have on people's mortgage repayments may put a dent in that growing confidence," Ms Goostrey said.

"UDIA has been urging the RBA to hold off on further rate increases until the effect of the cut to the First Home Owners Grant Boost in December 09 and previous rate increases could be measured during the first quarter of 2010," Ms Goostrey said.

"Our latest sales figures show that land sales were still down 18% in the December quarter," Ms Goostrey said. "While we are expecting a gradual market improvement throughout 2010, there is obviously still a long road to recovery for the property sector."

"This recovery relies on consumer confidence and a pickup in sales," Ms Goostrey said. "Putting rates up at this stage may jeopardise that recovery."

**End.**

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