

Media Release



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RATE RISE: ANOTHER BLOW TO PROPERTY INDUSTRY

The Urban Development Institute of Australia (UDIA) is disappointed with today's RBA decision to raise interest rates stating the property market recovery is still in its early stages.

"Our latest March quarter figures show that sales are up only 6% after falling 18% in the December quarter," UDIA CEO Debra Goostrey said.

"For the 12 months to March sales are down 8% reflecting the end of the First Home Owner Grant boost."

"The number of first home buyers is reducing to more traditional levels and the recovery in the market will be lead by the middle market."

"This tentative market improvement will be stalled by a rate rise so soon after previous rate increases," Ms Goostrey said.

"The upgrader market relies heavily on consumer confidence and that will be negatively impacted by this move," Ms Goostrey said.

"Interest rates are a blunt instrument for a complex issue."

"The RBA must consider the importance of the health of the property market to the wider economy and make decisions that will foster full recovery after the difficulties experienced during the global financial crisis," Ms Goostrey said.

"The sector is struggling with the high cost of finance and rapid interest rate rises exacerbate the industry's problems."

"The property industry is the biggest employer in the state and contributes \$22.5 billion to the state economy each year."

End.

For further comment:
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