

## Media release

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### NO NEW YEAR SURPRISES AS RBA PUTS A HOLD ON INTEREST RATES

The Real Estate Institute of Australia (REIA) says the Reserve Bank of Australia's (RBA) first Board meeting of the year has resulted in no surprises but an interest rate cut was justified in order to stimulate a stagnant market.

The RBA last cut its cash rate in December, when it was eased by a quarter of a percentage point to three per cent - back to levels last seen during the global financial crisis four years ago.

REIA President, Mr Peter Bushby says, "If the RBA had further cut the rate by 25 basis points and the lenders had passed on the cut, affordability would have improved with the proportion of family income required to meet loan repayments dropping to 29.9% compared to 31.8% recorded in the Sep 2012 quarter."

"On average, a household would have saved an extra \$129 per month in loan repayments and average monthly loan repayments would have been reduced to \$2,048, or \$473 a week. This is \$179 less than the repayment figure of one year ago."

"The impact of last year's cuts is still not clear but with the market remaining relatively flat, potential home buyers will always love to see interest rates go down," concluded Mr Bushby.

Mr Bushby says the difficulties faced by those wanting to enter the market haven't been resolved and issues such as inefficient state taxes, excessive red tape and land-release delays urgently need to be addressed.

"We hope the new Minister for Housing, Mark Butler, will look seriously at implementing policies to address these issues."

"The market has remained relatively flat and housing affordability has been slowly improving over the past five quarters. Potential home buyers need more encouragement to enter the market and with CPI well within the RBA's target zone, there is definitely scope for further cuts," concluded Mr Bushby.

**The Real Estate Institute of Australia (REIA) is the national professional association for real estate agents in Australia. For further information or interview opportunities, please contact:**

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