

Media release

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No rate rise a good decision

Real Estate Institute of Australia (REIA) Acting President Ms Pamela Bennett said today's decision on interest rates is the right one given the state of housing affordability in Australia. To have increased rates this month would have been detrimental to affordability and the state of the housing market.

"With REIA's Deposit Power Housing Affordability Report for the June quarter 2011 being released tomorrow, the Reserve Bank's decision to leave rates on hold will not, in itself, impact adversely on affordability," she said.

Last quarter, REIA figures showed a slight improvement in housing affordability but Ms Bennett expressed caution not to get too excited about the 1.1 percentage point change.

"We would be very surprised to see that housing affordability has improved this quarter," continued Ms Bennett.

Although just one component of the solution to housing affordability, lower interest rates are needed to reduce the proportion of income that Australians are spending on loan repayments in an effort to improve the state of affordability.

"Increasing interest rates would have caused great mortgage stress for home owners at this time," Ms Bennett concluded.

Whilst the respite the Reserve Bank has provided is welcome news we need to continue to call on all levels of government to work together to address the issue of housing affordability in Australia through taxation reform and addressing supply-side constraints," Ms Bennett concluded.

For further information on the release of the REIA Deposit Power Housing Affordability Report, please contact Rhiannon McClelland on 02 6282 4277 or at rhiannon.mcclelland@reia.com.au.

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