

## Steady Rates Sensible says HIA

The decision by the Reserve Bank to once again leave the official cash rate steady at 3 per cent is appropriate in the current economic environment said the Housing Industry Association, Australia's largest building industry organisation.

"It will be important to keep interest rates stable over 2009/10 to support activity and confidence as a tentative housing recovery runs into the headwind of rising unemployment," said Dr Ron Silberberg, Managing Director of HIA.

"The reductions in variable home mortgage rates have played a pivotal part in stimulating new housing supply but the industry outlook is by no means assured.

"Ordinary home buyers could be excused for becoming confused by the constant speculation about busts, bubbles and booms.

"Talk of near-term increases in official interest rates could damage the early signs of recovery in new home building.

Reports from builders reveal that the availability of skilled trades labour has increased and prices for trades have moderated.

"The recovery needs to be more broadly based and the prospects of this occurring are being severely hampered by a lack of available development credit and too little competition in the home mortgage market," said Ron Silberberg.

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