



Rate Hike Will Weigh On Housing Recovery

“The third consecutive monthly increase in the ‘official’ cash rate will harm the chances of a strong home building recovery, which is essential to moderate existing house price and rent pressures across Australia,” said Dr Harley Dale, HIA Chief Economist.

“While a residential construction recovery is underway, there is compelling evidence that the magnitude of the upswing will be insufficient to make a major dent on Australia’s chronic housing shortage. Today’s rate increase is not helpful.

“The home building recovery is narrowly based, driven overwhelmingly by a pull forward of first home buyer-related activity and by the Social Housing Initiative.

“This is the third straight month of rate rises, at a time when general inflationary pressures are well contained.

“There is no need to tap on the interest rate brakes at every meeting, especially at a time when Australia’s residential construction sector is struggling to generate the momentum required to sustainably boost the nation’s housing supply,” said Harley Dale.

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