

## Rate Hike No Help to Housing Shortage

“The increase in the ‘official’ cash rate will do nothing to boost the supply of housing, which is essential to moderate existing house price and rent pressures,” commented Dr Harley Dale, HIA Chief Economist.

Australia’s population increases have been running ahead of new housing supply not just in the past year, but for most of the decade and look set to continue.

“Leading housing indicators point to a new home building recovery that will fall well short of the underlying requirement for new dwellings.

“After today’s increase, it would be prudent for the RBA to sit on its hands and assess economic developments domestically and globally. After all, official assessments of the Australian economy and unemployment have been subject to substantial revision over a short period of time, indicating the potential for wide margins of error in forecasting economic activity.

The impact of rising interest rates falls very unevenly on different sectors of the economy, consumers and small business.

“There is no justification for retail lenders to act off their own bat and move rates beyond the change in the official cash rate,” said Harley Dale.

**For further information:**

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