

**RATE RISE UNJUSTIFIED – HIA**

Today’s move by the Reserve Bank to raise official interest rates is both unwelcome and unjustified.

Australia’s peak building industry body, HIA, said that today’s decision flies in the face of official statistics that show slowing growth, softer retail sales and a cooling housing market.

HIA’s Chief Economist, Mr Simon Tennent said that higher interest rates at this stage of the new building cycle will be a major blow for Australia’s new home builders, and materials manufacturers and suppliers.

“With housing affordability still near record lows the additional cost brought about by this interest rate rise will keep home ownership out of the reach of many families,” Mr Tennent said.

“It is estimated that today’s rise will add around \$35 per month to an average mortgage and exacerbate the current slow down in new home building and new home sales that is occurring in most states,” he added.

“Monetary policy is a very blunt instrument and we call on the Reserve Bank to allow this move to be absorbed into the economy before considering further rises.”

**FURTHER INFORMATION**

Please contact Mr Simon Tennent, Chief Economist. For media interviews Simon Tennent will be available in the Sydney CBD throughout the day on 0419 445 557



**Current Repayments - Fortnightly over 25 years**

	Average loan	Mortgage rate <b>7.05%</b>	Mortgage rate <b>7.30%</b>	\$ difference	Mortgage rate <b>7.55%</b>	\$ difference
<b>NSW</b>	\$ 262,000	\$858.02	\$877.44	<b>\$19.42</b>	\$897.04	<b>\$39.02</b>
<b>VIC</b>	\$ 206,000	\$674.63	\$689.89	<b>\$15.26</b>	\$705.30	<b>\$30.67</b>
<b>QLD</b>	\$ 210,000	\$687.73	\$703.29	<b>\$15.56</b>	\$719.00	<b>\$31.27</b>
<b>SA</b>	\$ 156,000	\$510.89	\$522.44	<b>\$11.55</b>	\$534.11	<b>\$23.22</b>
<b>WA</b>	\$ 167,000	\$546.91	\$559.28	<b>\$12.37</b>	\$571.77	<b>\$24.86</b>
<b>TAS</b>	\$ 143,000	\$468.31	\$478.91	<b>\$10.60</b>	\$489.60	<b>\$21.29</b>
<b>NT</b>	\$ 169,000	\$553.46	\$565.98	<b>\$12.52</b>	\$578.62	<b>\$25.16</b>
<b>ACT</b>	\$ 234,000	\$766.33	\$783.66	<b>\$17.33</b>	\$801.17	<b>\$34.84</b>