

For immediate release – 2<sup>nd</sup> August, 2022

## INTEREST RATE RISES STABILISING MARKET

The Real Estate Institute of Australia (REIA) has said the latest interest rate rise of 50 basis points to 1.85 per cent is likely to further subdue the rate of rising house prices.

REIA President, Mr Hayden Groves said the RBA's decision to increase rates, in line with the US, has already proven to help inflation outlook.

"Inflation is expected to peak this year before declining which will certainly have an impact.

"Interest rates remain at historic lows making the opportunity for investment in Australian homes a live option even in this current market," he said.

Mr Groves said the broader economic environment requires perspective.

"Unemployment remains its lowest in nearly 50 years which is a clear indicator the economy will remain on track.

"We have to keep things in perspective and recognise that the source of the inflation is due to supply constraints and not demand driven from an overheated economy.

"Prices have risen markedly in all the advanced economies. The pandemic, weather events in Australia and Russia's invasion of Ukraine have led to disruptions to supply.

"There is a touch of optimism in the Governor's statement regarding future interest rate increases when he says, 'the Board expects to take further steps in the process of normalising monetary conditions over the months ahead, but it is not a pre-set path. The size and timing of future interest rate increases will be guided by the incoming data and the Board's assessment of the outlook for inflation and the labour market'," Mr Groves concluded.

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