



Media Release

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RBA RATE CUT TO HELP SPUR HOUSING RECOVERY

The Reserve Bank of Australia's decision to cut official interest rates will act as a welcome spur to improve lending, lift consumer confidence and get the housing market moving again, according to the Urban Development Institute of Australia (UDIA).

"The rate cut represents the latest act in a suite of proactive measures to improve access to credit and re-energise economic activity," UDIA National President Darren Cooper said.

"Coupled with the Australian Prudential Regulation Authority's (APRA) recent decision to ease serviceability benchmarks and the Australian Government's future endeavours to close the deposit gap, we've now got an agenda firmly geared towards growth.

"Housing construction has been on the slide for more than a year and Australian Bureau of Statistics (ABS) data shows approvals for detached dwellings now sit at a six-year low.

"Housing construction is crucial to Australia's broader economic and employment fortunes – and without an improvement in sales activity and an impetus for new projects to commence and existing projects to expand, the gap between supply and demand will quickly feed into increased prices once again.

"The rate cut should send a welcome signal to the market, lower the cost of finance for homebuyers and see more projects move from concept to construction.

"UDIA urges all banks to act responsibly and immediately pass on the cut in full to give effect to the RBA's aspirations for a more vibrant economy."

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