

Media Release

2 August 2016

Rate Cut Good for Market Transition to New Norm

The Urban Development Institute of Australia (UDIA WA) welcomes the Reserve Bank of Australia's decision today to reduce the official cash rate by 25 basis points, to 1.50 %.

"The UDIA is pleased the RBA has cut the official cash rate, as it will deliver benefits for both consumers and the development industry. We can expect household savings to increase and more favourable lending terms," UDIA CEO Allison Hailes commented.

"In light of slowing demand and reduced spending across a range of sectors, a reduction in interest rates will help to promote consumer confidence and ease the financial burden on households and industry."

"While the market conditions are not as dire as some would have us believe, WA is coming off of a prolonged period of strong growth," Ms Hailes said. "Lower interest rates will help to ease current pressures, as the market adjusts to a new norm."

"While vacant land sales have declined from the highs of 2014, they remain above the averages seen in 2012," Ms Hailes said. "The market is currently looking to find a new equilibrium and it's therefore important that monetary policy settings support this transition"

"It is critical that government policy at all levels helps to support investment by industries which provide stimulus and sustained economic growth during this time."

"We hope to see the full cash rate reduction passed on by the major banks, to ensure the full savings are realised by consumers." Ms Hailes said.

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For further comment:	
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