

MEDIA RELEASE

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INTEREST RATE CUT TIMELY

The Reserve Bank's cut to interest rates will send a welcome signal to consumers and housing markets that confidence and liquidity in the economy will be maintained, according to the Urban Development Institute of Australia (UDIA).

UDIA National – the nation's peak organisation for the urban development industry - has welcomed yesterday's decision to cut rates by 0.25 percent.

"The economy-wide risks from the coronavirus are not yet fully known, but there are clear signs already that growth is being dampened," said UDIA National Executive Director Connie Kirk.

"The need to sustain access to capital and consumer confidence is essential given there were already signs that the economy was facing some headwinds regardless of the coronavirus.

"Housing markets remain vulnerable to the effects of broader economic risks and there is evidence that supply chains for developers and builders are being hurt.

"We have only recently seen signs of improved lending and some contained price growth in established markets, but a broader recovery is yet to be witnessed.

"The interest rate cut will hopefully signal to consumers and homebuyers that central banks, regulators and governments recognise the case for surgical measures to sustain confidence.

"It will also help homebuyers looking to take the plunge into the housing market and support a turnaround in housing approvals and commencements needed to support supply and economic activity."