

MEDIA RELEASE

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RATES HOLD AS HOUSING BUBBLE FEARS GROW

The RBA's decision to keep rates on hold this month comes as no surprise as fears of a housing bubble in Sydney and Melbourne continue to grow according to QWest Paterson Valuers and Property Consultants Chairman Warwick Hemsley.

"While the Perth market has stagnated with little to no growth in the past 12 months, the east coast continues to experience escalating prices due to heavy investor activity," Mr Hemsley said. "There is no way in that environment that the RBA would cut rates again this month."

"There have been some calls from the eastern states to raise interest rates and it is pleasing to note that the RBA has not heeded that advice," Mr Hemsley said.

"With the Perth market in its current state, a rise in interest rates would only make matters worse, particularly in the wake of the cut to the first home owners grant in the recent state budget," Mr Hemsley said.

"The RBA is in a difficult position currently, having to balance poor economic growth with the two tiered housing market between the east and west coast," Mr Hemsley said.

"Making a decision to keep the status quo is probably the safest decision at this point in time," Mr Hemsley said.

"However, given the current economic climate, another rate cut in the coming months is a possibility," Mr Hemsley said. "For the WA property market that would be a welcome decision."

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To find out more or to arrange an interview with Warwick, please contact:

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